SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1[redacted] 1910

No. [redacted] 1[redacted]6

THE UNITED STATES OF AMERICA, APPELLANT,

vs.

UNITED STATES STEEL CORPORATION ET AL.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF NEW JERSEY.

VOLUME 4.

UNITED STATES

vs.

UNITED STATES STEEL CORPORATION.

DEFENDANTS' EXHIBITS,

VOLUME IV.

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Defendants' Exhibit	*Subject*	*Page*
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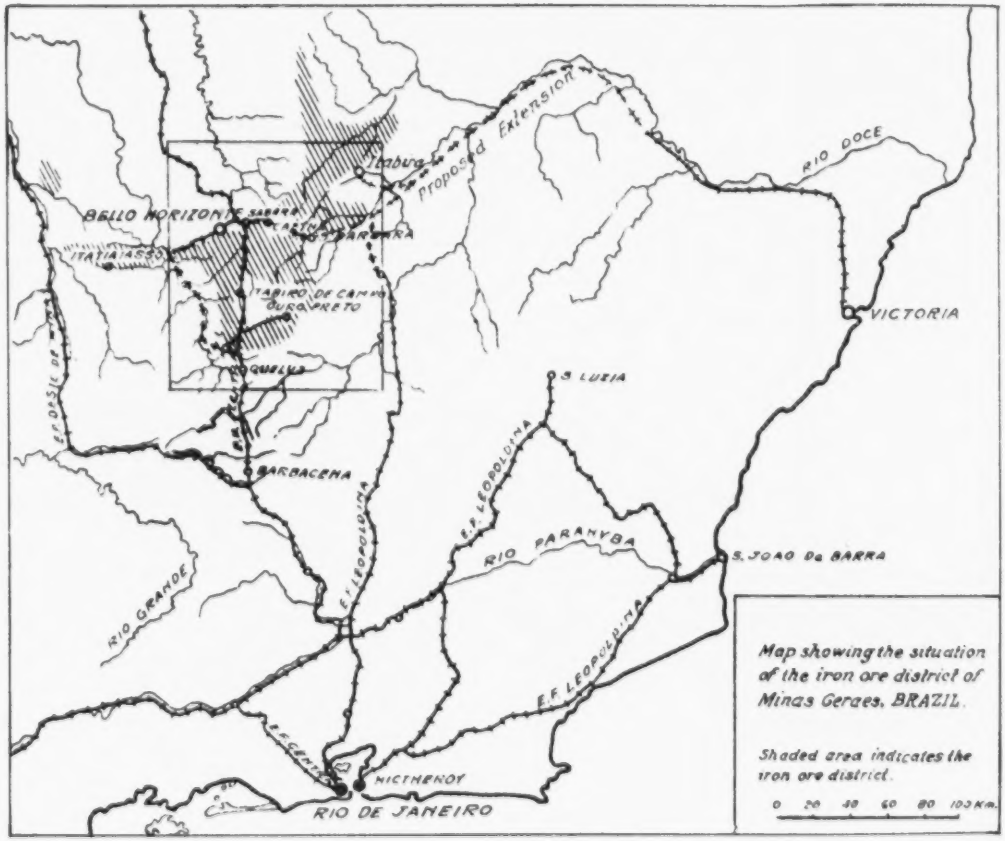
DEFENDANTS' EXHIBIT
Leith No. 99
DATE Oct 2 1913



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DEFENDANTS' EXHIBIT
Merriam No. 100
DATE Oct 3 - 19 9

ESTIMATES ON THE IRON ORE RESOURCES
OF THE
TENNESSEE COAL, IRON, AND RAILROAD CO.

RED ORES

		ALREADY MINED	DEVELOPED	REASONABLY ASSURED INCLUDING DEVELOPED	ADDITIONAL PROBABLE TONNAGE	AVERAGE ANALYSES FOR EIGHT MONTHS 1907 IRON	SILICA	ALUMINA	LIME	PHOS	MOIST
PRESENT MINING GROUPS	SPARKS GAP GROUP	79000 TONS	252,000 TONS	14,000,000 TONS	18,000,000 TONS	No Analyses available					
	MUSCODA	6,003,000 "	3,953,000 "	30,000,000 "	64,000,000 "	36.08	10.73	3.28	18.05	.33	6.1
	FOSSIL	6,268000 "	4205,000 "	60,000,000 "	152,000,000 "	36.52	13.67	3.18	18.92	.33	6.1
	ISHKOODA	5,018,000 "	5,662,000 "	43,500,000 "	38,000,000 "	37.04	13.64	3.01	15.95	.34	
	GREEN SPRINGS	222,000 "	128,000 "	6,500,000 "	2,500,000 "	36.30	30.61	3.41	6.30	.35	8.9
OUTLYING LANDS	T.16S.-R.1W.			8,300,000 "	4,000,000 "						
	T.14S.-R.2E.			1,900,000 "							
	T.12S.-R.4E.			2,500,000 "							
	T.14S.-R.1W.			4,400,000 "	1,100,000 "						
	T.14S.-R.3E.			2,500,000 "							
	TOTAL	17,610,000 "	14,200,000 "	175,600,000 "	279,600,000 "						

Note: Analyses of outcrop material are not representative of the greater part of the ore included in the estimate. Outcrop material seldom extends to greater depth than 300 feet.
Hard Ores in T.12S.-R.4E. and T.14S.-R.1W. will be limy, on remaining lands will be siliceous. They will compare favorably with ores now mined.

GRAND TOTAL OF "REASONABLY ASSURED" AND "PROBABLE" TONNAGE 455,200,000 TONS

BROWN ORES

	PROBABLE	AVERAGE ANALYSES FOR EIGHT MONTHS 1907 IRON	SILICA	ALUMINA	PHOS.	MOIST	MANG.
GREELEY GROUP (GILES)	2,400,000 TONS	48.75	18.43	4.18	.56	1.60	
GREELEY GROUP (MARTABAN)		42.68	18.64	4.55	.52	2.75	
GREELEY GROUP (STANIFORD)		42.32	17.43	4.86	.68	2.52	
CHAMPION (T.C.I. & R.R. Co's ½ INT.)	600,000 "	48.20	13.76	3.29	.42		1.15
BARTOW, GA.	100,000 "	45.38	14.23	2.62	.42	2.71	
WOLF CREEK, TENN.	50,000 "	48.71	14.44		.93		
TOTAL	3,150,000 "						

RED ORES OF LOWER GRADE (MAY BE OF FUTURE VALUE)

	REASONABLY ASSURED	ADDITIONAL PROBABLE TONNAGE	AVERAGE ANALYSES IRON	SILICA	ALUM.	LIME	PHOS.	SUL.	MANG.
INMAN LANDS TENN.	14,000,000 TONS	35,000,000 TONS	22.00	9.00		30.00	.35,		
SILICEOUS ORE LYING BELOW BED WORKED AT PRESENT ON RED MOUNTAIN	190,000,000 "		36.74	21.78	3.22	10.56	.34	.024	.18
TOTAL	204,000,000 "	35,000,000 "							

The Muscoda Group includes Slopes, Nos. 1, 2, 4, 5, and 6.
" " Fossil " " " " 7, 8, 9, and 10.
" " Ishkooda " " " " 11, 12, 13, and 14.

The estimate of Red Ore in the "Present Mining Groups" is confined to the area between Green Springs and Sparks Gap Group inclusive. The "Siliceous Ore" lying below the bed worked at present is not included, nor any ore beyond a point approximately 2½ miles back from the outcrop.

The "Reasonably Assured Tonnage" in the "Outlying Lands" includes ore within ½ mile of the outcrop; the "Additional Probable Tonnage" includes the probable additional ore up to 1 mile from outcrop. These seams are narrow and irregular and it is not safe to estimate ore as occurring far from the outcrop. In the cases where no "Additional Probable Tonnage" is given, the seam was so narrow that it was unwise to estimate beyond ½ mile from outcrop.

June 1st 1908

SIGNED: WM. MERRIAM
CHARLES CATLETT

CHARTS TOO LARGE FOR FILMING

GOGEBIC RANGE

PROPERTY	DESCRIPTION				OWNERSHIP	DATE ACQUIRED	RESERVES AS OF JANUARY 1, 1912	SHIPMENTS DATE ACQUIRED TO DEC. 31, 1911	RESERVES AS OF DATE OF ACQUISITION
	SUB-DIVISION	S.	T.	R.			TONS		
North Ashland	N 1/2 of SW	22	47	47	Lease	Mar. 6, 1902			
Chicago	E 1/2 of NE W 1/2 of NW	8 9	47 "	45 "	Lease	May 1, 1902	500,000	67,590	567,590
Plumer (Nor. Chief)	N 1/4 W 1/2 of NW SE of NW Und. 1/2 SW 1/4	6 " " "	45 " " "	2 " " "	Lease	July 1, 1905			
Davis	N 1/2 of NW	19	47	46	Lease	Oct. 28, 1905	7,600		7,600
Puritan	SW 1/4	17	47	46	Lease	Jan. 1, 1908	100,000	50,019	150,019
North Pabst	N 1/2 of NE	23	47	47	Lease	Jan. 1, 1908	3,250,000	58,725	3,308,725
North Newport	S 1/2	13	47	47	Option	Date of option Dec. 15, 1902			
Plumer (Kennan)	NE of NW	6	45	2	Lease	Aug. 2, 1909			

Defendants' Exhibit (Olcott) No. 102
Sheet 12
October 6, 1913

S U M M A R Y

PROPERTIES HELD APRIL 1, 1901 (SECTION 1)

Ore Reserves Jan 1, 1912		Shipments 1901 to 1911 incl.		Ore Reserves April 1, 1901	
Fee	Lease	Fee	Lease	Fee	Lease
236,327,660	399,274,503	24,328,048	93,360,197	260,655,708	492,634,700
- -	13,441,500	11,334	16,795,105	11,334	30,236,605
12,804,453	2,173,813	6,395,577	1,745,059	19,200,030	3,918,872
- -	15,758,000	- -	16,092,955	- -	31,850,955
866,527	10,553,631	1,663,292	11,292,583	2,529,819	21,846,214
249,998,640	441,201,447	32,398,251	139,285,899	282,396,891	580,487,346
691,200,087		171,684,150		862,884,237	

PROPERTIES ACQUIRED BETWEEN APRIL 1, 1901 AND JAN. 1, 1912 (SECTION 2)

Ore Reserves Jan. 1, 1912		Shipments from date of acquirement to Jan. 1, 1912		Ore Reserves as of date acquired	
Fee	Lease	Fee	Lease	Fee	Lease
37,705,178	187,004,720	2,300,969	14,029,152	40,006,147	201,033,872
- -	- -	- -	- -	- -	- -
2,825,000	- -	317,561	- -	3,142,561	- -
- -	3,857,600	- -	176,334	- -	4,033,934
- -	- -	- -	- -	- -	- -
40,530,178	190,862,320	2,618,530	14,205,486	43,148,708	205,067,806
231,392,498		16,824,016		248,216,514	

PROPERTIES HELD JAN. 1, 1912 (TOTALS OF SECTIONS 1 & 2)

Ore Reserves Jan. 1, 1912		Total Shipments by U.S. Steel Corporation		Total Tonnage originally in Properties when acquired by U.S. Steel Corp'n	
Fee	Lease	Fee	Lease	Fee	Lease
274,032,838	586,279,223	26,629,017	107,389,349	300,661,855	693,668,572
- -	13,441,500	11,334	16,795,105	11,334	30,236,605
15,629,453	2,173,813	6,713,138	1,745,059	22,342,591	3,918,872
- -	19,615,600	- -	16,269,289	- -	35,884,889
866,527	10,553,631	1,663,292	11,292,583	2,529,819	21,846,214
290,528,818	632,063,767	35,016,781	153,491,385	325,545,599	785,555,152
922,592,585		188,508,166		1,111,100,751	

Defendants' Exhibit (Olcott) No. 103
October 6, 1913
(As corrected by Mr. Diehl)

STATEMENT SHOWING: (a) TONNAGES SHIPPED FROM THE LAKE SUPERIOR DISTRICT FOR THE YEARS 1907 TO 1911 INCLUSIVE BY THE UNITED STATES STEEL CORPORATION AND BY OTHER INTERESTS; (b) AVERAGE YEARLY SHIPMENTS 1907 TO 1911 INCLUSIVE; (c) ORE RESERVES AS OF JAN. 1, 1912; (d) THE PERIOD OF YEARS WHICH SUCH RESERVES WILL LAST ON ABOVE BASIS OF SHIPMENTS

RANGE	MISSABE	GOGEBIC	VERMILION	MARQUETTE	MENOMINEE	CUYUNA	TOTALS LAKE SUPERIOR DISTRICT
Total tonnage shipped years 1907 to 1911, inclusive.....	124,224,631	17,343,647	5,927,133	18,284,719	20,668,181	147,431	186,595,742
Total United States Steel Corporation tonnage shipped 1907 to 1911 inclusive	77,518,369	6,280,743	5,790,979	3.505,751	6,196,936	- -	99,292,778
Total tonnage shipped by Other Operators, 1907 to 1911 inclusive.....	46,706,262	11,062.904	136,154	14,778,968	14,471,245	147,431	87,302,964
Average yearly shipments by United States Steel Corporation.....	15,503,674	1,256,149	1,158.196	701,150	1,239,387	- -	19,858,556
Average yearly shipments by Other Operators.....	9,341,252	2,212,581	27,231	2,955,794	2,894,249	29,486	17,460,593
Ore Reserves of United States Steel Corporation Jan. 1, 1912.....	860,312,061	19,615,600	11,420,158	17,803.266	13,441,500	- -	922,592,585
Ore Reserves of Other Interests Jan. 1, 1912.....	537,130,745	26,800,000	648,236	65,931,010	53,060,500	417,000,000	1,100,570,491
Years after Jan. 1. 1912 which U. S. S. Corp. Reserves will last at above rate of shipments.....	55.49	15.6	9.9	25.4	10.8	- -	46.46
Years after Jan. 1, 1912 which Other Interests Reserves will last at above rate of shipments.....	57.50	12.1	- -	22.3	18.3	-	63.03

Defendants' Exhibit (Olcott) No. 104
October 6, 1913

STATEMENT SHOWING TONNAGES OF MERCHANTABLE IRON ORE FOR LAKE SUPERIOR DISTRICT BY RANGES, JAN. 1, 1912

RANGE	STEEL CORPORATION		OTHER INTERESTS		GRAND TOTAL
	TONNAGE	%	TONNAGE	%	TONNAGE
Missabe.....	860.312,061	61.56	537,130,745	38.44	1,397,442,806
Menominee.....	11,416,500	62.61	6,816,500	37.39	18,233,000
Crystal Falls.	625,000	10.17	5,522,000	89.83	6,147,000
Iron River....	1,400,000	3.32	40,722,000	96.68	42,122,000
Marquette.....	17,803,266	21.26	65,931,010	78.74	83,734,276
Gogebic.....	19,615,600	42.26	26,800,000	57.74	46,415,600
Vermillion....	11,420,158	94.63	648,236	5.37	12,068,394
Cuyuna.....	- - -	-	417,000,000	100.00	417,000,000
GRAND TOTAL...	922,592,585	45.60	1,100,570,491	54.40	2,023,163,076

Defendants' Exhibit (Sebenius) No. 105,

October 7, 1913.

(Comprising pages 58 to 100, inclusive, of volume entitled:)

THIRD BIENNIAL REPORT

OF THE

MINNESOTA TAX COMMISSION

TO THE

GOVERNOR AND LEGISLATURE

OF THE

STATE OF MINNESOTA

1912

Syndicate Printing Company

Minneapolis, Minn.

(Extract from page 64:)

ESTIMATES.

An "estimate" of the tonnage and grade of iron ore in an ore body is a relative term and of varying exactness.

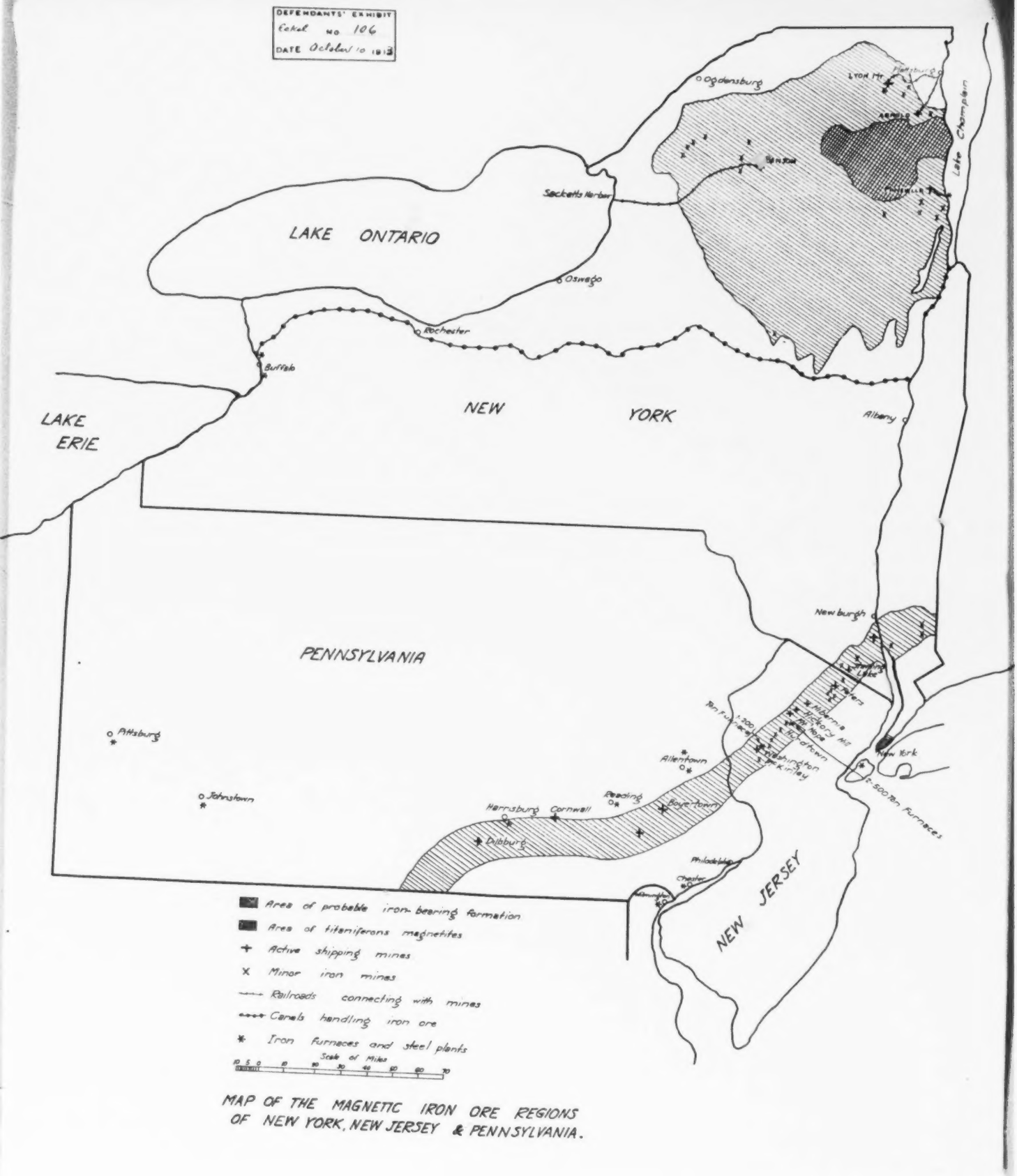
As used in the work of the commission it has a special significance, since it is based upon data which are both ample and reliable.

The word should not be confounded with the popular understanding of the term "estimate." It should be considered as expressing the results of careful calculations.

MESABI RANGE ORE ESTIMATES.

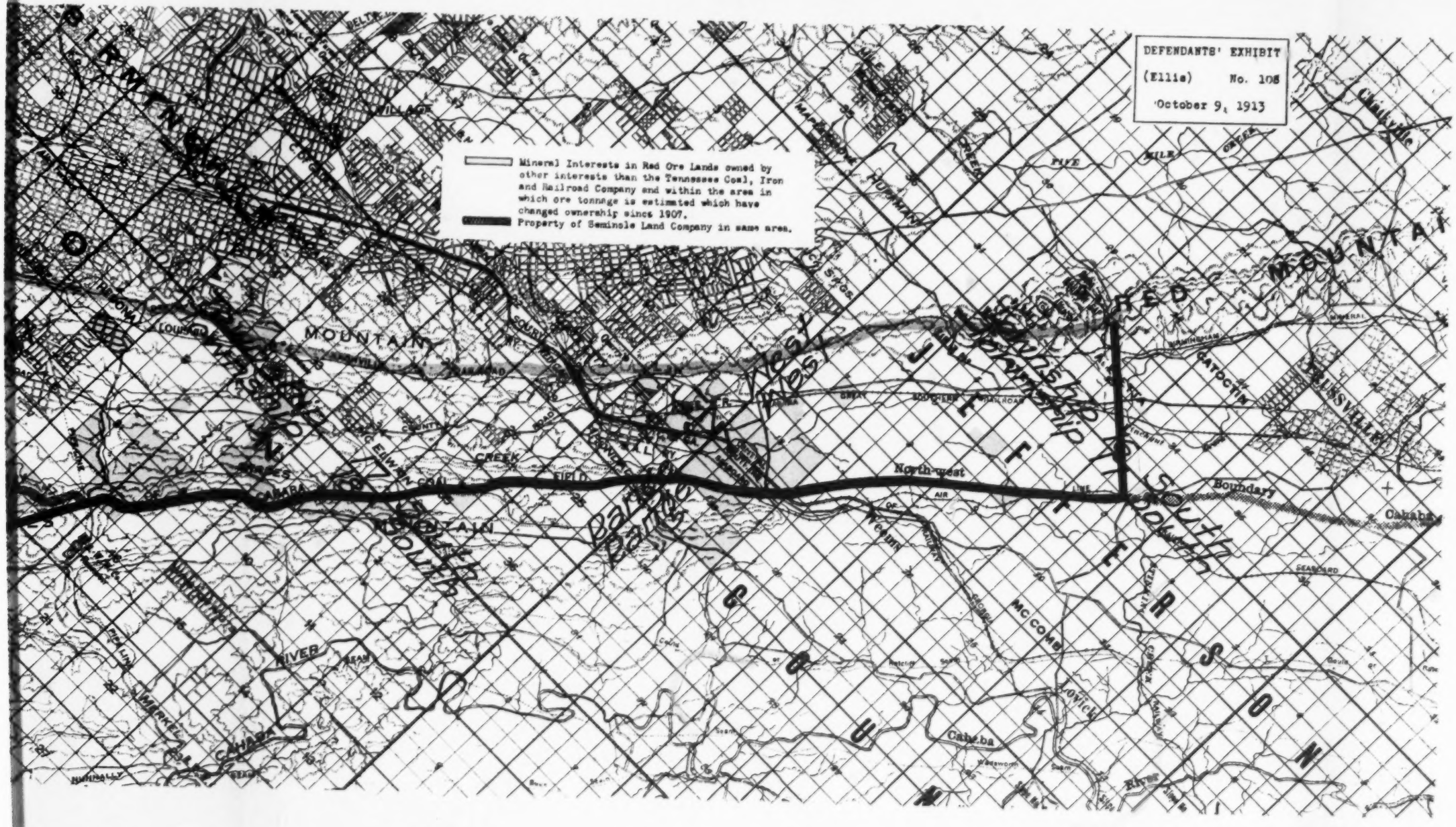
To make an "ore estimate" certain recognized principles must be adapted to the particular case in hand, for each property presents an individual problem. In general, it may be said that a total tonnage estimate is the one first made. This will suffice in case of reserve ore bodies, and needs but

DEFENDANTS' EXHIBIT
Equal NO. 106
DATE October 10 1913



MAP OF THE MAGNETIC IRON ORE REGIONS OF NEW YORK, NEW JERSEY & PENNSYLVANIA.

Township 17 South Range 3 West
Township 17 South Range 2 West
Township 17 South Range 1 West
Township 17 South Range 1 East
Township 17 South Range 2 East
Township 17 South Range 3 East
Township 17 South Range 4 East
Township 17 South Range 5 East
Township 17 South Range 6 East
Township 17 South Range


DEFENDANTS' EXHIBIT
(Ellis) No. 105
October 9, 1913
Mineral Interests in Red Ore Lands owned by other interests than the Tennessee Coal, Iron and Railroad Company and within the area in which ore tonnage is estimated which have changed ownership since 1907.
Property of Seminole Land Company in same area.
PINSON
MOUNTAIN
RED MOUNTAIN
Boundary
Calaba
Calaba
Bessemer
Birmingham
Pratt City
Ensley
Woodlawn
Avondale
North-west
South
Jefferson
Shelby
Blount
Walker
Marion
Fayette
Tuscaloosa
Bibb
Chilton
Coosa
Talladega
St. Clair
Etowah
Cherokee
DeKalb
Jackson
Madison
Limestone
Morgan
Lawrence
Franklin
Colbert
Lauderdale
Tennessee River
Warrior River
Cahaba River
Coosa River
Black Warrior River
Locust Fork
Village Creek
Five Mile Creek
Valley Creek
Roupes Valley
Red Mountain
Shades Mountain
Double Mountain
Jones Valley
Irondale
Gate City
Wylam
Ruffner
Fairfield
Pinson
Graysville
Chalkville
Gadsden
Attalla
Rainbow City
Alabama City
Boaz
Albertville
Guntersville
Scottsboro
Huntsville
Decatur
Florence
Sheffield
Tuscumbia
Russellville
Jasper
Cullman
Hanceville
Oneonta
Blountsville
Anniston
Oxford
Talladega
Sylacauga
Childersburg
Alexander City
Montevallo
Columbiana
Wilsonville
Vincent
Helena
Pelham
Alabaster
Calera
Centreville
Brierfield
Marion
Demopolis
Linden
Eutaw
Greensboro
Livingston
York
Gainesville
Aliceville
Pickens
Carrollton
Reform
Aberdeen
Amory
Fulton
Tupelo
Corinth
Iuka
Florence
Muscle Shoals
Sheffield
Tuscumbia
Russellville
Decatur
Athens
Huntsville
Scottsboro
Bridgeport
Stevenson
Fort Payne
Collinsville
Centre
Rome
Cedartown
Dalton
Chattanooga
Lookout Mountain
Sand Mountain
Raccoon Mountain
Walden Ridge
Cumberland Plateau
Tennessee
Georgia
Mississippi

CHARTS

TOO

LARGE

FOR

FILMING

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, [redacted] 1919

No. [redacted] 1636

THE UNITED STATES OF AMERICA, APPELLANT,

vs.

UNITED STATES STEEL CORPORATION ET AL.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF NEW JERSEY.

VOLUME 5.

DEFENDANTS' EXHIBITS.

FILED MAY 12, 1916.

UNITED STATES

vs.

UNITED STATES STEEL CORPORATION.

DEFENDANTS' EXHIBITS,

VOLUME V.

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No. 109	Statement of property acquired by Seminole Land Company in Jefferson County, Alabama. (Previously marked "Government Exhibit No. 438 for identification")	419
No. 110	Statement of the developed, measured, merchantable iron ore of the Mesaba and Vermilion ranges in Minnesota for the assessment of 1912	420
No. 111	Charles F. Rand's estimate of iron ore reserves in Cuba	421
No. 112	Analysis of Mayari ore, first four months of 1913	422
No. 113	Map from page 128 of U. S. Geological Survey Bulletin 400, showing subdivisions of main portion of Division A, Birmingham district, on which estimates of ore tonnage are based	423
No. 114	Cost sheet for September, 1907, for Tennessee Coal, Iron & Railroad Co.	424
No. 115	Eighth annual report to the stockholders of the Sloss-Sheffield Steel & Iron Company for the fiscal year ended November 30, 1907	425
No. 116	Extract from pages 491-493 of Monograph 52 of U. S. Geological Survey, giving character and total tonnage of iron-bearing formations in Lake Superior region; comparison of Lake Superior reserves with other reserves of the United States; and diagram showing lowering of grade of ore	437

Defendants' Exhibit	*Subject*	*Page*
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No. 118	Percentage statement of purchases of Standard Tin Plate Company from 1909 to October 1, 1913	440
No. 119	Statement showing tonnage of steel materials purchased by Pennsylvania Railroad Company, Lines East of Pittsburgh, 1901 to 1913	441
No. 120	Statement showing rail orders covering contracts of Pennsylvania Railroad, Lines East of Pittsburgh, 1901 to 1913, inclusive	442
No. 121	Philadelphia Company; inquiry dated January 24, 1912, for price on pipe from Youngstown Sheet & Tube Co.	443
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No. 126	Philadelphia Company; tabulation of quotations; April 28, 1910	448
No. 127	Philadelphia Company; tabulation of quotations; July 22, 1910	449
No. 128	Philadelphia Company; tabulation of quotations; August, 1910	450
No. 129	Philadelphia Company; tabulation of quotations; October 1, 1910	451
No. 130	Philadelphia Company; tabulation of quotations; December 28, 1910	452
No. 131	Philadelphia Company; tabulation of quotations; February, 1911	453

Defendants' Exhibit	*Subject*	*Page*
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No. 133	Philadelphia Company; tabulation of quotations; December 12, 1911	455
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No. 135	Philadelphia Company; tabulation of quotations; February 1, 1912	457
No. 136	Philadelphia Company; tabulation of quotations; April 25, 1912	458
No. 137	Philadelphia Company; tabulation of quotations; March 11, 1912	459
No. 138	Philadelphia Company; tabulation of quotations; July 29, 1912	460
No. 139	Philadelphia Company; tabulation of quotations; January 21, 1913	461
No. 140	Philadelphia Company; tabulation of quotations; March 25, 1913	462
No. 141	Philadelphia Company; table of high and low prices of steel and iron pipe, 1901 to 1913	463

Defendants' Exhibit (Rand) No. 111.

October 10, 1913.

THE SPANISH-AMERICAN IRON COMPANY,

71 Broadway,

New York, U. S. A.

Charles F. Rand,

President. October 10th, 1913.

CHARLES F. RAND'S ESTIMATE OF IRON ORE RESERVES IN CUBA.

	Acres.	Tonnage.	
MAYARI DISTRICT.			
The Spanish-American Iron Co.	39,173	600,000,000	
			600,000,000
LEVISA BAY DISTRICT.			
Guantanamo Exploration Company	11,016	69,000,000	
Various individuals, estimated	3,000	15,000,000	
			84,000,000
MOA-TACO DISTRICT.			
The Spanish-American Iron Co.	45,517	800,000,000	
Bethlehem Iron Mines Company	33,000	370,000,000	
Buena Vista Iron Company	19,841	300,000,000	
Guantanamo Exploration Co.	7,152	141,000,000	
Eastern Steel Company	10,188	50,000,000	
Piloto Mining Co. (U S S C)	15,000	210,000,000	
Various Companies and individuals (Estimated)	50,000	300,000,000	2,131,000,000
CAMAGUEY DISTRICT.			
Bethlehem Iron Mines Company	37,000	400,000,000	400,000,000
SANTIAGO DE CUBA DISTRICT.			
The Spanish-American Iron Co.		3,500,000	
Juragua Iron Company		2,500,000	
			6,000,000
Total			3,221,000,000

Defendants' Exhibit (Rand) No. 112.

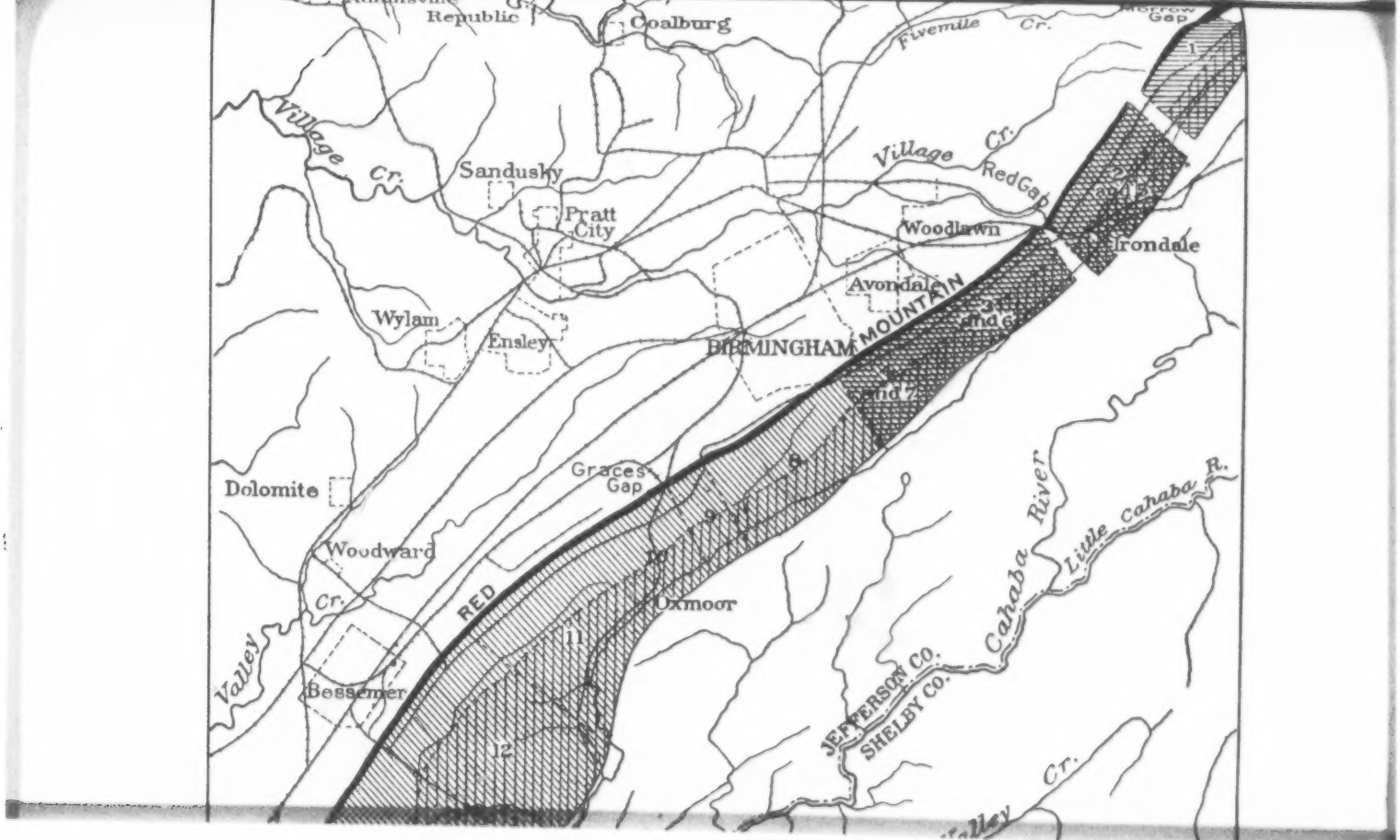
October 10, 1913.

ANALYSIS OF MAYARI ORE—FIRST FOUR MONTHS OF 1913.

Iron.	Silica.	Alumina.	Chro-mium.	Nickel & Cobalt.	Moisture.	Combined Water.	Phos.
48.10	3.30	11.69	1.90	.92	25.80	13.35	

DRIED ORE—SAME TIME.

55.57	4.41	14.21	2.13	1.04			.022


Republic
Coalburg
Fivemile Cr.
Morrow Gap
Village Cr.
Sandusky
Pratt City
Village Cr.
Red Gap
Woodlawn
Irondale
Avondale
Wylam
Ensley
BIRMINGHAM
MOUNTAIN
Graces Gap
Dolomite
Woodward
Cr.
Valley
RED
Oxmoor
Bessemer
Cahaba River
Little Cahaba R.
JEFFERSON CO.
SHELBY CO.
Valley Cr.

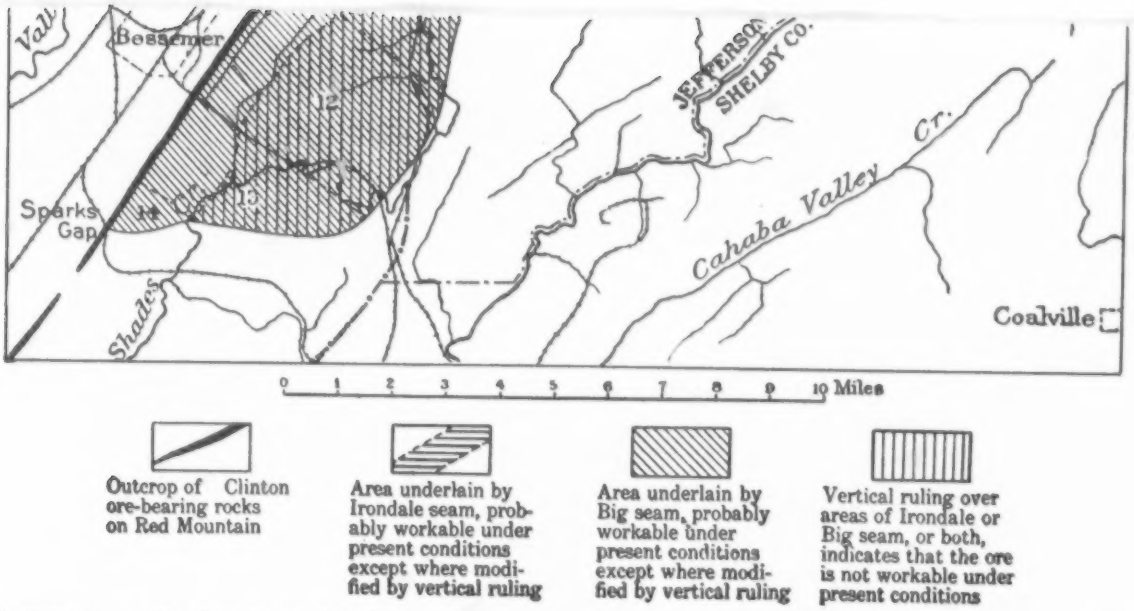

Val
Bessemer
12
JEFFERSON
SHELBY CO.
Sparks
Gap
14
13
Cahaba Valley Cr.
Shades
Coalville
0 1 2 3 4 5 6 7 8 9 10 Miles
Outcrop of Clinton ore-bearing rocks on Red Mountain
Area underlain by Irondale seam, probably workable under present conditions except where modified by vertical ruling
Area underlain by Big seam, probably workable under present conditions except where modified by vertical ruling
Vertical ruling over areas of Irondale or Big seam, or both, indicates that the ore is not workable under present conditions

FIGURE 15.—Map showing subdivisions of main portion of Division A, Birmingham district, on which estimates of ore tonnage are based.

DEFENDANTS' EXHIBIT
Edcal No. 113
DATE October 10 1913

Defendants' Exhibit (Birkinbine) No. 115.

October 16, 1913.

EIGHTH ANNUAL REPORT
TO THE
STOCKHOLDERS OF THE

SLOSS-SHEFFIELD STEEL AND IRON COMPANY

For the Fiscal Year Ended November 30th, 1907.

EIGHTH ANNUAL REPORT OF THE SLOSS SHEFFIELD STEEL AND IRON COMPANY FOR THE FISCAL YEAR ENDED NOVEMBER 30TH, 1907.

SLOSS-SHEFFIELD STEEL AND IRON COMPANY.

Principal Office
In the State of New Jersey:
No. 243 Washington Street, Jersey City.

General Offices
In charge of Operations:
Birmingham, Alabama.

Registrar of Transfers:
Lawyers' Title Insurance and Trust Company,
No. 59 Liberty Street, New York City.

Transfer Agent:
Central Trust Company,
No. 54 Wall Street, New York City.

DIRECTORS.

A. B. ANDREWS	Raleigh, N. C.
JOSEPH BRYAN	Richmond, Va.
JAMES H. DOOLEY	Richmond, Va.
W. H. GOADBY	New York.
A. H. LARKIN	New York.
J. C. MABEN	Birmingham, Ala.
RICHARD MORTIMER	New York.
F. P. OLCOTT	New York.

As in the preceding year, a large amount was expended last year in the improvement of your furnaces and mines; (over $660,000 in addition to the amounts charged direct to the cost of production), but much of the work was not completed until well into the present year, so we received no benefit from it last year. The improvements are all now finished. As there was no other source from which the money to pay for these improvements could be drawn except the yearly earnings and the accumulated surplus, the working capital of the Company was reduced during the year by $160,000.00, of which $58,000.00 may be accounted for by the depreciation in the market value of Treasury securities after the October panic, but it still amounted at the close of the year, to $1,892,448.00, which should be sufficient for all ordinary requirements of the Company, and it is believed that it will not be found necessary for some time to come to make such large expenditures as has been done for the past three years. The capacity of your ore and coal mines is fully equal to the requirements of your furnaces, and no raw material was bought during the year.

BLAST FURNACES:

The operation of your furnaces, especially those located at Birmingham, during the year, was not satisfactory, the production not being all that we had reason to expect, and the cost was too high. This was due primarily to the scarcity of labor, and the consequent excessive wages and demoralization, and to the improvement work which was going on, which always has a tendency to increase cost.

No. 1 furnace was in blast throughout the year, except for about 30 days, when it was banked for the purpose of repairing its top lining.

No. 2 was in blast throughout the year.

No. 3 was at work continuously until the last month of the year, when it was blown out for repairs, having been in blast for nearly five years, except for temporary stops for minor repairs.

No. 4 was stopped for repairs in January, 1907, and was not started up again during the fiscal year, as, when it was

ready for work, the production of pig iron was so much in excess of consumption, it was not deemed wise to start the furnace. Since the close of the fiscal year, this furnace has been put into blast, and is doing excellent work. The repairs included the relining of the stack, the building of two new stoves and the addition of 1,600 horse-power boilers, besides the overhauling of the blowing engines. We therefore received comparatively little profit from this furnace during the year.

The Philadelphia furnace was put out of commission on July 1st, 1906, and owing to the extensive repairs, she was not ready for work until the 11th of August, 1907, so that the output of the furnace was lost for over eight months of the fiscal year, at a time when the demand for the delivery of iron was most urgent. Additional boilers (825 horse-power), a new stove and skip hoist were installed, and the stack strengthened and relined and other improvements made, the completion of which work was greatly delayed by the scarcity of labor, and the delay in getting material delivered.

The Hattie Ensley furnace was in operation during the entire year, except for a temporary stop to repair its top lining.

The Lady Ensley furnace was in continuous operation during the year.

No. 3 furnace will have to be refitted whenever it is deemed wise to do so, but with this exception, a very limited amount should be required to be expended on your furnaces during the present year, as they are in good order, after the large amounts which have been expended on them during the past two years.

Ore Mines:

A considerable amount having been expended at the two hard ore mines during the previous year, very moderate outlays were necessary there during the past year, except the installing of a new compressor at Sloss mines; most other minor repairs and improvements were charged direct to the cost of ore. In addition to what was expended there during

the previous year, $121,000.00 was spent at your Russellville brown ore mines during the year in completing the large four log washer, (which now gives you five large washers) and adding to the equipment of tram cars, steam shovels and dinkey engines. A change was made in the Superintendency at this place soon after the close of the fiscal year, and very satisfactory results are being obtained, both as to the production and cost.

COAL MINES:

Since the close of the fiscal year, the work for which appropriations had been made as referred to in our last annual report, at your Ivy and No. 1 Blossburg mines, has been completed, but none of this work was finished in time for us to derive any of the benefits from it during the past year.

The Ivy mine continued to be worked throughout the year from its old slope, and with its old machinery. This new work has been very substantially done and the present year should show an increased production and lower cost sheets at these mines. At this time a large new washer, a new and complete boiler plant and tipple were built, a new slope driven, and an endless rope haulage installed at a cost of over $87,000.00.

At your Blossburg mines there was erected a 1,200 tons coke oven coal bin, No. 1 mine was reopened near the West Blossburg tipple and the West Blossburg tipple extended and an incline built from the mouth of No. 1 mine, giving a double tipple, which enables us to dump the coal from both mines on the same tipple. A double drum hoisting engine was installed to hoist the coal from both mines. The two single engines operating the West Blossburg washer were abandoned and replaced by a double engine. Before erecting the coal bin at these mines, all of the coal to supply the coke ovens there had to be elevated at considerable cost. These improvements give access to a large acreage of Pratt seam coal.

At Brookside an opening on the Nickle Plate seam which had been abandoned was reopened, and four new openings

made on the same seam. Moderate sums were spent during the year at your various coal mines, a considerable proportion of which was charged to the cost of coal.

The quality of coke produced from the coal from your Ivy mine has been greatly improved since the building of the new washer and making the other improvements at that mine, and the cost has been materially reduced.

Ownership of Raw Material.

Many inquiries have been made from time to time as to the amount of coal and iron ore owned by your Company, and no approximate estmiate has ever been officially given to the stockholders. It is therefore deemed proper that an effort be made to give some idea of the holdings of your Company.

Your Company owns 65,000 acres of coal lands and 51,125 acres of iron ore lands. A pretty fair estimate can be formed as to the coal, as the general thickness of the several seams and the territory covered are pretty accurately known. There is on file in the company's office, an estimate made by one who was unusually familiar with the coal fields of Alabama, in which your coal lands are divided into various groups according to the railroads they may be tributary to, and the coal bearing acreage in each is carefully computed, and an estimate given of the amount of coal in each seam under it. The statement gives the aggregate amount of coal in the several divisions and seams as 1,435,090,348 tons.

It is more difficult to make an approximate estimate of the iron ore, as so small a proportion of the 51,000 acres has, as yet, or will be for a long time, developed. In the hard ore field where the vein runs regular about 2,060 acres have been developed, and in the brown ore fields about 1,924 acres have been thoroughly tested by numerous test pits, etc. The ore in the developed hard ore fields, may be safely, we think, estimated at 72,600,000 tons, and in the 1,924 acres of brown ore land at 26,000,000 tons. Deducting the foregoing hard ore acreage, there is left on which to estimate 24,695 acres of hard ore. Some of this hard ore land, it is known, carries a thick vein of ore, while on some of it the vein is thinner, running

from four to six feet. Taking into consideration that not all the acreage is ore bearing, we think it conservative to estimate that the vein on the entire undeveloped acreage will average five feet, which should yield 17,000 tons per acre, or a total on the undeveloped hard ore lands of 419,800,000 tons.

In the Russellville tract you have 18,600 acres of brown ore land. The Southern Railway Company having bought the Northern Alabama Railroad, and desiring to know what business there was tributary to the road, employed Mr. Joseph Squires, a most competent and trustworthy mining engineer, in 1901, to make a report on the Russellville ore field. A copy of this report has been given by a Southern Railway official to this Company, and is on file in the office. The report deals with this ore field at considerable length and sums up the conclusion as follows:

"In my estimate of the quantity of brown ore on the above 18,400 acres, while there are some acres on said tract that have yielded 25,000 tons to the acre, still, after going over the territory, I have formed the opinion that the whole 18,400 acres will yield an average of 6,000 tons of 2,240 lbs. to the acre, making an aggregate of the whole amount of 110,400,000 tons of 2,240 lbs."

Practically all of the 18,400 acres is now owned by your Company. Besides the foregoing brown ore lands located in Franklin County, your Company owns 2,700 in Tuscaloosa and Bibb Counties, 2,930 acres in Colbert County, and 2,400 acres in Jefferson County, and one-half interest in the Champion mine, owned jointly with the Tennessee Company, and estimated to contain 650,000 tons of ore.

Taking Mr. Squires' report as a basis, and making due allowance for any over-estimate, and after deducing 25,000,000 tons from our total estimate, and not including any interest in the Champion mine, we feel that it is conservative to estimate the brown ore owned by your Company at 133,500,000 tons. We would therefore seem justified in stating that you own:

Of developed hard ore,	72,600,000	
" undeveloped hard ore,	419,800,000	492,400,000
Of developed brown ore,	26,000,000	
" undeveloped brown ore,	107,500,000	133,500,000
		625,900,000 Tons

Before leaving this subject, it may be stated that over a year ago, the Birmingham *Age Herald* published an article in which it quoted Mr. J. S. Grasty, a well known geologist and engineer, who had done much field work in this district, as saying that "after he had inspected all of the mineral properties in Alabama, he found the Sloss-Sheffield Company had more ore to the acre than any other concern in this section; less waste land, or land that would prove unproductive."

Your Board of Directors regret that the publishing of this report has been so long delayed, but it seemed unavoidable, as the President of the Company was called abroad by the serious illness of a member of his family, and was unexpectedly detained there much longer than was anticipated. The balance sheet and earnings for the year were, however, given out at the time of the annual meeting.

The usual annual statements of operations, etc., are annexed hereto.

All of which is respectfully submitted, by order of the Board of Directors.

J. C. Maben,
President.

Birmingham, Ala., July, 1908.

STATEMENT

SLOSS-SHEFFIELD STEEL AND IRON COMPANY,

Fiscal Year Ending November 30, 1907.

Resources.

Property Account		$21,629,344.5
Treasury Securities		244,218.1
Stocks and Bonds of other Companies		392,557.1
Cash, Bills and Accounts Receivable		1,399,086.3
Supplies, Raw and Finished Material at cost		657,722.4
Stocks in Company's stores and warehouses at cost		118,790.4
Extraordinary Repair and Renewal Fund		218,823.5
Insurance and Taxes unexpired		6,284.9
		$24,666,827.7

Liabilities.

Capital Stock, Preferred,	$ 6,700,000	
" " Common	10,000,000	$16,700,000.0
Sloss Iron and Steel Company:		
Mortgage 6% Bonds, 1920	$2,000,000	
" 4½% " 1918	2,000,000	4,000,000.0
Current Accounts		527,896.9
Loans		200,000.0
Pay Rolls (current month),		77,350.5
Profit and Loss		3,161,580.1
		$24,666,827.7

STATEMENT SHOWING EARNINGS.

SLOSS-SHEFFIELD STEEL AND IRON COMPANY,

For Fiscal Year Ending November 30, 1907.

Profit on Pig Iron shipped: After charges against cost for depreciation on iron ore, twenty-five cents ($0.25) per ton on iron for extraordinary repairs and renewals, and thirty-five cents per ton profit on coke		$1,400,391.64
Profit on coal after charge for depreciation		61,361.95
Profit on coke		135,126.81
Rents, Royalties, Stores, and other revenues		137,307.82
Ore and Dolomite sales		8,739.39
Interest and Exchange		36,745.68
		$1,779,673.29
Deductions.		
General Expense not charged in Cost sheets,	$39,325.59	
Taxes and License	50,684.94	$ 90,010.53
		$1,689,662.76
Year's Bond interest		210,000.00
Surplus for 1907		$1,479,662.76
Dividends Paid:		
7% on Preferred Stock	$469,000.00	
5% " Common "	500,000.00	969,000.00
Year's Surplus after Dividends		$ 510,662.76
Surplus, November 30, 1906, after adjustment		2,650,917.38
Surplus, November 30, 1907		$3,161,580.14

WORKING CAPITAL.

November 30, 1907.

Cash, Bills and Accounts Receivable		$1,399,086.51
Raw and Finished Material on hand, at cost		543,736.99
Merchandise and Supplies in Company's stores and warehouses, at cost		235,111.40
Insurance and Taxes unexpired		6,284.95
Treasury Securities, Stocks and Bonds, at market value		513,476.65
		$2,697,696.50
CONTRA.		
Pay Rolls (current month)	$77,350.57	
Accounts Payable (current accounts).	527,896.99	
Loans	200,000.00	
		805,247.56
Balance Working Capital in business		$1,892,448.94

COMPARATIVE STATEMENT SHOWING GROSS RECEIPTS, EXPENDITURES AND NET SURPLUS

For years ending November 30, 1906 and 1907.

	1907	1906	Change.	
Gross Sales and Earnings	$6,654,303	$6,290,014	Inc.	$364,289
Operating Expenses, Taxes and Maintenance	4,831,457	$4,938,268	Dec.	106,811
Net Earnings	1,822,846	1,351,746	Inc.	$471,100
Fixed Charges	210,000	210,000		
Balance	$1,612,846	$1,141,746	Inc.	$471,100
Depreciation	133,183	140,901	Dec.	7,718
Surplus	$1,479,663	$1,000,845	Inc.	$478,818

CHARTS

TOO

LARGE

FOR

FILMING

Defendants' Exhibit (Assmann) No. 118.

October 27, 1913.

STEEL PURCHASES

1909 to Oct. 1st, 1913

	1909	1910	1911	1912	To Oct. 1, 1913	Total %
Lackawanna	62. %	70.8%	—	—	—	24.2
Huckman Williams a/c Follansbee	13. %	08.7%	01.1%	00.7%	00.2%	04.4
Jones & Laughlin	00.7%	—	—	—	—	00.23
Republic I. & S.	03.7%	—	—	03.8%	—	01.5
Youngstown Sheet & T.	06.6%	—	—	05.3%	—	02.3
American Steel Co. a/c Carnegie	14. %	00.2%	—	—	—	02.3
Carnegie Steel Co.	—	11.9%	93.7%	78.7%	95.2%	58.8
La Belle Iron Works	—	01.8%	—	—	—	00.35
Mudge & Co. a/c La Belle	—	06.6%	02.9%	05.6%	03.4%	03.9
Baning Cooper Co. a/c Republic	—	—	02.3%	04. %	01.2%	01.7
West Penn. Steel Co.	—	—	—	01.9%	—	00.42
	100	100	100	100	100	100

Defendants' Exhibit (Porcher)
October 29, 1913

PENNSYLVANIA RAILROAD COM

Lines East of Pittsburg

STATEMENT SHOWING TONNAGE OF STE

1901-13

Year	Sheets and Plates	Bars	Structural Material
	lbs.	lbs.	lbs.
1901.....	13,132,678	13,142,756	11,937,563
1902.....	50,234,556	24,513,688	21,985,327
1903.....	50,956,774	24,994,322	22,537,628
1904.....	27,832,653	13,542,656	12,035,772
1905.....	52,605,711	25,329,875	23,742,595
1906.....	72,839,564	35,007,052	28,756,028
1907.....	53,756,329	25,937,600	23,191,070
1908.....	26,275,381	12,674,987	11,135,028
1909.....	50,756,827	22,856,573	20,785,328
1910.....	54,247,381	26,237,848	24,311,559
1911.....	51,543,729	24,895,306	22,182,359
1912.....	54,896,324	26,427,391	24,387,577
1913 (9 mos)	59,886,027	23,782,384	23,582,327
Totals..	618,963,934	299,342,438	270,570,161

Philadelphia, Pa.,
Office of the Purchasing Agent,
October 28th. 1913.

Defendants' Exhibit (Porcher) No. 120
October 29, 1913

RAIL ORDERS COVERING CONTRACTS

OF

PENNSYLVANIA RAILROAD, LINES EAST OF PITTSBURGH

FOR YEARS 1901 to 1913, INCLUSIVE

Year	Bethlehem	Cambria	Carnegie	Lackawanna	Penna. & Maryland	Total
1901.....	-	30,054	41,753	18,898	42,770	133,475
1902.....	-	41,345	57,598	-	38,884	137,827
1903.....	-	51,995	82,860	-	48,540	183,395
1904.....	-	41,781	26,292	19,710	35,568	123,351
1905.....	-	43,523	30,193	938	26,368	101,022
1906.....	-	57,771	42,048	8,397	62,154	170,370
1907.....	-	36,491	29,877	15,152	40,228	121,748
1908.....	-	-	None	-	-	-
1909.....	10,000	26,365	5,466	18,000	27,300	87,131
1910.....	6,610	36,400	-	19,550	44,800	107,360
1911.....	4,500	30,003	15,750	13,500	30,917	94,670
1912.....	6,000	29,000.	-	12,000	31,000	78,000
1913.....	3,452	37,808	-	14,746	39,136	95,142
Totals.	30,562	462,536	331,837	140,891	467,665	1,433,491

DEFENDANTS' EXHIBIT
(Guffey) No. 121
November 13, 1913

Deft's Ex. 121

Philadelphia Company

PURCHASING DEPARTMENT

J. H. REED, JR.
GENERAL PURCHASING AGENT
ARTHUR BOOTH
ASST. GEN'L PURCHASING AGENT

ORIGINAL.

Youngstown Sheet & Tube Co.,
Oliver Bldg., City.

PITTSBURGH, PA. Jan. 24th, 1912.

Please name us net price or discount from Standard List on the following articles delivered F. O. B. Pittsburgh, Pa., with 15¢ freight allowance. This Company to pay no boxing or cartage.

Yours truly,

J. H. REED, Jr.
General Purchasing Agent

RETURN DUPLICATE WITH PRICE INSERTED By A/1

ARTICLES	INSERT HERE PRICE OR DISCOUNT
40,000 feet 10" - 35# Wrot Iron Casing	$ 85.50
120,000 " 8⅝" - 24# " " "	57.70
200,000 " 6⅝" - 17# " " "	39.60
20,000 " 5 3/16 - 13# " " "	31.30
25,000 feet 4" - 11¾# Wrot Iron Tubing	$ 28.50
200,000 " 3" - 8⅝# " " "	19.70
25,000 " 2" - 4⅓# " " "	11.60
150,000 feet 6" Full Weight Wrot Iron Line Pipe	$ 42.60
75,000 " 4" " " " " " "	25.60
20,000 " 3" " " " " " "	17.90

Accd T.[illegible] 1/6/12

per hundred feet f.o.b. cars our mill allowing 15¢ freight from Pittsburgh, Pa., usual terms.

STOCK ORDER,

Shipping directions to be given for all of the above not later than August 15th, 1912.

Tile

PLEASE LET US HAVE YOUR QUOTATION BY ~~February 1st,~~ 1912.

DUPLICATE TO BE SIGNED BY PARTY MAKING BID AND RETURNED PROMPTLY

THIS IS NOT AN ORDER.

Youngstown Sheet & Tube Company,
By A Rooney
V Pres

Deffts Ex 122

PHILADELPHIA COMPANY.

DEFENDANTS' EXHIBIT
(Guffey) No. 122
November 13, 1913

435 SIXTH AVENUE,

PITTSBURGH, PA.

June 1909

	3" Tubing 11000 ft Clarksburg W. Va	3" Tubing 7000 ft Waynesburg Pa	6" Line Pipe 25 miles 15¢ freight	4½" Line 4 miles 15¢ freight	8¼" Casing 6000 ft. Burton W. Va 7000 Elkins	10" Casing 3000 ft 15¢ freight	20" Line 15¢ freight	
Monongahela Tube Co	.23 7/10	.23	54	.26½				
South Chester Tube Co.	24 73	24 91	5253	.2985	67 70	1.01½		
Wheeling Steel & Iron Co			1120 4/3 7/10	.25				
Susquehanna Con Co			46	24				
A. M. Byers Co.	236¼	236¼		30½				
Youngstown Steel & Tube Co.	24 93	24 93			70	115		
National Tube Co							2.05	2.00 adopted 2.27 7/15/09
Spang Chalfant Co							188	
Mark Mfg Co.							Can't Quote,	

Defts Ex 123

PHILADELPHIA COMPANY.

435 SIXTH AVENUE.

PITTSBURGH, PA.

DEFENDANTS' EXHIBIT
(Guffey) No. 133
November 13, 1913

F.O.B. Weston W. Va. for 2" 1¼" 1½" 2½" # 50000 ft 3 tons July 17# 40000 ft 39 th 1909 16# 24# 14000 ft.

	3" Tubing	6⅝" Casing	8¼" Casing
Lo Chester Tube Co	$ 25.16	49.05	69.24
Monongahela Tube Co	25.	53.	74.
Susquehanna Iron Co.	Cannot Furnish	Cannot Furnish 46	Cannot Furnish 65½
A M. Byers Co.	Cannot Furnished	Cannot Furnished	Cannot Furnish
Wheeling Steel & Iron Co.	23½	Not Considered 48.5	Not Considered 68.5
Youngstown Sheet & Tube Co.	Cannot Quote		

Defts Ex 124

QUOTATIONS RECEIVED, JANUARY, 1910.

	South Chester Tube Co.	Ygstown Sheet & Tube Co.	A.M. Byers Co.	Monon. Tube Co.	W.S.&I. Co.	Nat'l Tube Co.	Susq'a Iron Co.	Long'de Iron Co.	Spang C. Co.	O.W. S. Co.	Mark Mfg. Co.
25,000 ft. 10", 35# W.I. Casing	1.07 ~~1.12~~	1.071	Cannot Quote	Cannot Quote	Cannot Quote	1.071	1.10	Cannot Quote	1.15		
85,000 ft. 8¼", 25# W.I. "	.71 ~~.72~~	.6911	"	"	"	.6548	.744	"	.78		
125,000 ft. 6-5/8", 17# W.I. "	.50½ ~~.51~~	.4940	"	"	"	.4680	.52	"	.54		
40,000 ft. 4", 12# W.I. Tubing	.366	.56		.365	"	.3015	.37	"	.35		
100,000 ft. 3", 8½# W.I. Tubing	.255	.2588	.24¼	.265	"	.2025	.27	"	.24¾		
40,000 ft. 3", F.W. Line Pipe	Cannot Qnote	2000 .1990	.23¾	.22¼	.70	.1795	.21	"	.22		
100,000 ft. 4", F.W. Line Pipe	"	2810 .2798	.34	.31½	.28¼	.2567	.28	"	.31		
125,000 ft. 6", F.W. Line Pipe	"	~~.4865~~ .482	Cannot Quote	Cannot Quote	.497	.4468	.51	"	.56		
20,000 ft. 8", 25# W.I. "	.75	~~.8605~~ .763	.86¼	"	.784	.7154	.78	"	.81		
20,000 ft 8", 28# W.I. "	.8736	~~.8715~~ .8555	.97½	"	.878	.807	.87	"	.87		
300 tons F.W. Merchant Pipe	Cannot Quote	74-5%	~~5% better than Jobbers Price for Year~~ 73-5	"	Cannot Quote	.79% (STEEL)	73½-5%	75-5% Oct. 1st.	75-5% Oct. 15th 2% - 15th		

Cannot Quote

Cannot Quote

15% freight rate from Pittsburgh.

57 95 x 5

Received on 154 freight basis

Accepted 2-1-10

Accepted Feb 9th 1910

Ordered Jany 31st 1910

Jany 31st 1910

DEFENDANTS' EXHIBIT
(Guffey) No. 124
November 13, 1913

Diff Ex 125

PHILADELPHIA COMPANY.

DEFENDANTS' EXHIBIT
(Guffey) No. 125
November 13, 1913

435 SIXTH AVENUE.
PITTSBURGH, PA.

April 21 1910

10-15-Miles - 10" OD. Steel Pipe 1/4" thick 25.72 #
F.O.B. Grafton or Enterprise W. Va

National Tube Co.	.65	2%	.637
Do Matheson joint	.70	"	.686
Youngstown Sheet & Tube Co.	66 3/4	"	.65415
Spang Chalfant & Co	.7278	net	.7278
La Belle Iron Works	.68 3/4	2%	.673 75
Mark Mfg. Co. 85% Tons	.62	2%	.6077

Accepted 4-22-10

Jo Chester Tube Co. 10" OD Iron - 32# .97 1/2

Defts Ex 126

PHILADELPHIA COMPANY.

DEFENDANTS' EXHIBIT
(Guffey) No. 126
November 13, 1913

435 SIXTH AVENUE.
PITTSBURGH, PA.

April 28th 1906

Inquiry
10-15 miles - 16" x 7/16" thick Plain End Steel Pipe
52.4# with 15¢ freight allowance from Pgh.

Spang Chalfant & Co.	$1.40	7/15	968 tons
Youngstown Sheet & Tube Co.	1.46	"	Ordered 6-7 miles
Mark Mfg. Co.	1.378	"	
National Tube Co.	1.35	"	2078 tons
Do Mathison Joint	~~1.425~~ 1.385	"	Ordered 10-15 miles @ 1.38

Defts Ex 127

PHILADELPHIA COMPANY.

435 SIXTH AVENUE.

PITTSBURGH, PA.

DEFENDANTS' EXHIBIT
(Guffey) No. 127
November 13, 1913

July 22nd 1910

360 Feet 45#

Inquiry on 16000 feet 1 1/2" I.D. Screw
Line Pipe — Steel. F.O.B. Weston W Va.

Youngstown S. & T. Co.	#117
Wheeling Steel & Iron	127
La Belle Iron Works	129
Mark Mfg Co.	129 1/2
National Tube Co.	140
Spang Chalfant & Co.	Cannot Quote.

Edward
Duncan & Co

Dfts Ex 128

PHILADELPHIA COMPANY.

DEFENDANTS' EXHIBIT
(Guffey) No. 128
November 13, 1913

435 SIXTH AVENUE,

PITTSBURGH, PA.

Quotations Rec. Aug. 1910.

	5-6 miles 12" × 1/4" Spiral Steel P.E.	9-10 miles 16" × 5/16 P.E.
National Tube Co	.785	1.35
Youngstown Sheet & Tube Co.	.78	1.28
Mark Mfg. Co.	.77½ - 1½ & 3%	1.28

Accepted by letter Aug 11th O'Neil Co.

16" bot from B & T

Diffo Ex 129

PHILADELPHIA COMPANY.

DEFENDANTS' EXHIBIT
(Guffey) No. 129
November 13, 1913

435 SIXTH AVENUE,
PITTSBURGH, PA.

Oct 1 1910

Inquiry on Line Pipe to Smithburg & Weston

	304 tons 75,000 - 6" Lem 18.76#	500 tons 40,000 - 25# 8"
D. Chester	55.53	71½
Spang Chalfant	48.00	75-½
Youngstown	47.69	75.3
Byers	57.00	80
Wheeling S. & Co	45½	70

Accepted Letter 10-3

Accepted Letter 10-4-10

Prices F.O.B. Weston Chg to Basic & Glenn

2% Discount

PHILADELPHIA COMPANY.

DEFENDANTS' EXHIBIT
(Guffey) No. 130
November 13, 1913

435 SIXTH AVENUE.

PITTSBURGH, PA.

Dec 28" 1910

Inquiry on Tubing & Casing.

		Youngstown	Chester	Byers	Monongahela
6000'-8½#W.& Tubing 3" F.O.B. Enterprise	45.1½ Less	.70 25	.73 38	.72	.76
3700' 8¼"-24# Casing	38.4 Less	.6085	.6885		
4400' 6⅝-17# "	37.4 Less	.4680	.4678		
5000 5⅜-13# "	32½	.3645	.3578		
F.O.B. Burton W Va					
7600'-6⅝"-17# Casing F.O.B Morongah W Va.	22.1 Less	.4680	.4678		
7900'-6⅝-17# Casing F.O.B. Underwood W Va.	16 Less	.4680	.4678		
7000-6⅝-17# Casing F.O.B. Grays Run. Flats, W Va. Can Pass Run Branch B+O.	17 Less	.4680	.4678		

Accepted

Feby 1911	25,000' 2" 4" 1.20 W.I. Tubing	50,000' 3" 3" 3.82 W.I. Tubing	25,000' 36" 4" 7.60 W.I. Tubing	30,000' 5.52 10" 35 Casing	65,000 8 5/8" 24.00 Casing	150,000' 10 3/4" 45.50 6 5/8" 17.00 Casing	20,000' 12" 5 3/16" 33.25 Casing	25,000' 8" 28.00 Line Pipe	150,000' 6" 18.76 F.Wr. Line	50,000' 4" 0.66 F.Wr. Line	20,000' 10 3/4" 3" 7.50 F.Wr. Line	300 tons Full Wt. Merchant
So. Chester Tube Co.	x	x	x	1.045 1.05	654 666	4638 4775	3643 3607.5	.789	x	x	x	x
				30450	47510	6495	7086.					
Youngstown S. & T. Co.	.318	.2137	.133	1.24 ~~1.05~~	65 ~~60~~	46 ~~46~~	36 ~~36~~	.7884	4.70	.2550	.1785	77-1/2
				3.000	4.250	69000	7200.		67050.	17710	3570	131.25
A.M. Byers Co.	32	21	13	x	x	x	x	.79½	~~42½~~ 43	24	17	Rep 73.5 Bell 14-5
	8000	31500	3750.	x	x	x	x		68510	13000.	3400.	15370 14420.
Wheeling S. & I. Co.	.323	.232	.176	1.05	.696	.468	.377	.712	~~43~~	.24	.172	x
								17800.	64500	12000	3400.	
Spang, Chalfant & Co.	.324	.235	.1375	1.13	.69	.494	.385	817	509	.2821	.1972	77 1200
Monongahela Tube Co.	.328	.2395	.136	x	x	x	.38	x	x	.20	.197	x
Mark Mfg. Co.	Cannot Quote on Iron Pipe											
Susquehanna Iron Co.	No Answer											
Republic I. & S. Co.	Cannot Quote on Iron Pipe.											

DEFENDANTS' EXHIBIT
(Guffey) No. 131
November 13, 1913

Inquiry on 10" OD x 1/4" 26# P.C. Steel Pipe.
2-4-1911
Duff & Co 13v
10 3/4" OD. — 10" OD x 1/4" 28# Do
10" OD Iron Line 30# P.C.

		F.O.B. Marianna	Baker Station
Mark Mfg Co	26#	63.31	64.61
	28#	68.18	69.58
Youngstown S. & T. Co.	26#	63.45	64.60
	28#	68.32	69.28
	30# Iron	73.75	76.52
Republic I. & S. Co	26#	65.2	66.3
La Belle I. & S. Co.	26#	65.2	66.3
Spang Chalfant & Co	26#	66.04	66.95
National Tube Co.	26#	65.71	66.32

Award Mark Mfg Co.

1-13-11

DEFENDANTS' EXHIBIT
(Guffey) No. 132
November 13, 1913

17000 ft x 38 tons 10 3/4" OD - 28#

Deft's Ex 133

PHILADELPHIA COMPANY.

DEFENDANTS' EXHIBIT
(Guffey) No. 133
November 13, 1913

435 SIXTH AVENUE,
PITTSBURGH, PA.

Dec 12th 1911

409 Tons

r/r to 3 miles F.O.B Clarksburgh.
16" O.D. x 5/16" thick 52# P.E. Steel Pipe

Young Carpenter Co.	1 1/2	2% - 15th mo Drlv.
National Tube Co.	1 09	" " "
Youngstown S & T Co.	1 15	" " "
Mesta Mfg Co.	1 48	" " "

Accepted
Lucas 12/16/11

Acceptances

Drover	3 30	Net
Dayton	3 00	"

Accepted
12/7/11

DEFENDANTS' EXHIBIT
(Guffey) No. 134
November 13, 1913

7-8½ 580 ft
6 miles - 12" OD x 1/4", 31.38# P & P pipe.
Drlvd Weston W. Va.

National Tube Co	—	58.83 =	$20,002.20
Youngstown S. & C. Co	—	59.5	20330.00
Spang Chalfant	—	62 6	21284.00
Mont. Mfg.	—	58. 8	

34000' 6½ mile

Drlvd Weston W. Va.

		Youngstown	Whiting	So. Chester
5-8000 ft 8"-28# Line		~~.70~~	~~.7145~~	76
15000 ft 6" 18,76# Full Wt.	141 Tons	✓ 43	.442	.50
2550 ft 8¼" 24# Casing	31. Tons	✓ .577	—	.6504
5220 " 6⅝" 17# "	44 Tons	✓ .406	.408	.4607
25000 " 3"-8½ Tubing	106 Tons	✓ 197	1987 .1995	.2303

Drlvd Clarksburgh

1500 ft 10" 35# Casing	26¼ Tons	✓ .855	—	Contract .815
6500 " 8¼" 24# "	78 Tons	✓ .577	—	.6360
10000 " 6⅝" 17# "	85 Tons	.406	.392	4505
15000 " 3" 8½# Tubing	64 Tons	.197	✓ .1915	.2252

.1931 3/4

Drlvd Clarksburgh

2500 ft 3" 8½# Tubing	106 Tons	197	✓ .1915	.2286

.1931 3/4

Inquiry Feb 1st 1912 Diffs 4 135

W. I. Casing, Tubing & Line Pipe.

	Mahoning	Youngstown	Byrdstown	Young Chesapeake	Marmyduke	Do Chester
40000 ft 10" 32# Casing 700 Less	—	85.5	101½	95½		
120,000 ft 8⅝" 24# Do 1440 Less	63¼	57.7	63½	64½		
200,000 ft 6⅝" 17# Do 1700 Less	43½	39.6	45	45		
25,000 ft 4" 11½# Tubing 147 Less	31½	28.5	~~30~~ 28	~~30~~ 28	30¼ ~~34½~~	
200,000 ft 3" 8⅛# Do 850 Less	22	19.7	~~20~~	~~22~~ 19.5	22¾ ~~23⅞~~	
75,000 ft 2-4½# Do 560 Less	12¼	11.6	12 ~~40~~	~~15~~ 12	12.7/10 ~~12.96~~	
150000 ft 18.76# 6" 24# Line Pipe 1407 Less	42	42.6	47	49		
50,000 ft 10.66# 4" Do 466 1/4 Less	24¼	25.6	~~24½~~ 24	~~25~~ 24	25¼ ~~26 6/10~~	
20000 3" Do 7.54# 75.4 Less	17	17.9	~~17½~~	17	18.3 ~~18½~~	
20000 ft 8⅝-13# Casing		31.35				

All F.O.B. Pgh with 15¢ freight allowance.
Usual terms - Orders up to Aug. 15th

50,000 4" Line Spang - 24¢

200,000 Merchant Byrn @ Card Ex 16-1911

4/25/12 Quotations Defts Ex 136

50,000 - 550 Tons 8-DD - rr# P.E. Steel Line

15% freight for delivery included

Youngstown S. & T. Co	36 1/2 % Atten 2/6
Whiting S. & T. Co.	41 %
Spang Chalfant & Co	41 %
National Tube Co.	40.3 %
Mark Mfg Co	39.25 %
LaBelle Iron Wks	38.5 %

Letter 2/26/12 to Y. S. & T. Co.

Terms 2% 20th mo.

DEFENDANTS' EXHIBIT
(Guffey) No. 136
November 13, 1913

Exhibit 137 INQUIRY ON STEEL PIPE MARCH 11th 1912

ALL QUOTATIONS TO BE FIGURED F.O.D. FGH. WITH 15¢ FRGHT ALLOWED.	35 TO 40 MILES 16"O.D.×5/16" 52# P.E. PIPE.	18 TO 20 MILES 12"O.D.×¼" 31.38# P.E. PIPE	5 TO 8 MILES 10¾"O.D.×¼" 28.5# P.E. PIPE.	4 TO 5 MILES 10"I.D. 40# STEEL LINE – T.& C.
NATIONAL TUBE CO. 30"ø Tun	1.04 mail on 2 loader. 20-2 2 mill. 36 ton	.56	.50	.82
SPANG, CHALFANT & CO.	~~$1.00 net~~ ~~96~~ less 1¢	~~.50~~ net 55 net 165 Tn	~~.50~~ net 50 net	~~.82~~ net .80
YOUNGSTOWN SHEET & TUBE CO. 7/25	$33 ton .9575 2745 Y Ton	323 ton .565	32 ton .50	332 ton .74
MARK MANUFACTURING CO.	.955 7/15 15-20	.56 *	.495	.75
LA BELLE IRON WORKS 7/15	—	.5805	~~.5180~~ .495 7/11- 591	.74.
REPUBLIC IRON & STEEL CO.		.595	.5325	83
WHEELING STEEL & IRON CO.				82 3/4

2570 ft 24" and 2/8 math
850 ft. 20" 0.D. 5/16 W.E.
Orders during May June July

Not Purchased

DEFENDANTS' EXHIBIT (Guffey) No. 137 November 13, 1913

Sept 4 138	50,000 to 75000 ft 8" 22# P.E. Steel Pipe	50000 ft 6¼" 28 - 17# P.E. Steel Pipe
Whiting Dr & Co	Early .49½	35 Start any time
Spang Chalfant & Co	.5075 During August	37½
Youngstown S. & T. Co.	43 825 tons ✓ Last half August.	338 3 to 4 Wks.
National Tube Co.	49x3 7-8 Wks	.357 7-8 weeks
Republic I & S. Co	.445 August	4 or 5 tons .30 ✓ Latter part 2nd week
La Belle Iron Wks.	4475 Latter part September	.3362 Latter part September
Mesta Mfg Co	4811 60 days.	.3625 60 days

July 29th, 1912

DEFENDANTS' EXHIBIT
(Guffey) No. 138
November 13, 1913

Defts Ex 139

PHILADELPHIA COMPANY.

435 SIXTH AVENUE.

PITTSBURGH, PA.

DEFENDANTS' EXHIBIT
(Guffey) No. 139
November 13, 1913

January 21st 1913

Size.	So. Chester Tube Co.	A. M. Byers Co.	Youngstown Sheet and Tube Co.	Reading Iron Co.	Spang Chalfant Co.	Monongahela Tube Co.	Mesling Steel & Iron Co.
60000 feet 10 Days 35# W. I. Casing.	1.05	50,000 +.975	45.8#	1.01 +.04½	1.05		
150000 ft 6 1/4" 24# W. I. Casing.	72	50,000 65.5	63.	.67 .69½	.72	Too large an amount to handle.	Specifications too severe Not Inviting
360000 ft 6 5/8" 17# W. I. Casing.	.51	100,000 .475¼	260,000 41st 1	.465 .48½	.51		
5 3/16" 50000 ft 13# W. I. Casing.	.39	53.9 .37½	48.27 33.3	36 .37½	.39		
4" 36000 ft 11 3/4# W. I. Tubing	.35	51.50 .32	Cannot Make delivery	32 33¼	.34		
3" 4000 ft 8½# W. I. Tubing	.27	52.30 .235		.234 24¼	.25		
2" 8000 ft 4½# W. I. Tubing	.135	57.00 .135		135 ++	.13¾		

* Do not accept our specifications entirely – See quotations

Accepted 1-31-13 Wheeling W Va pts.

Inquiry March 25-13
on Steel & Iron
Line Pipe. 16" OD
to 3" OD.

	National Tube Co.	Key Clayton & Co.	Youngstown Sheet & Tube Co.	Mark Mfg. Co.	La Belle Iron Works	Republic Iron & Steel Co.	Whiting Steel & Iron Co.	Shelby Steel Tube Co.	A.M. Byers Co.	Reading Iron Co.	Monongahela Tube Co.
8000 ft - 16" OD x 5/16" Thick - 52 # Mark Jr Steel Pipe											
15000 ft 16" OD x 5/16" Thick 390 # Mark - 52.357 # P.E. Pipe	1.25	1.30	1.23								
43,000 ft - 12" OD 1/16" Thick 31.372 # P.E. Steel Pipe	.7529		70 69	78.43		69					
25,000 ft. 8" O.D. 5/16 Thick 19.361 # P.E. Steel Pipe	.5366		47	55.8	49.-	49½					
150,000 ft 6" OD 11/64" Thick 17.021 # P.E. Steel Pipe	.3999		34			36½	32.98 Whiting				
5000 ft - 10 OD 1/4" Thick P.E. Mark Jr or Steel Pipe 22.035 #	.6728	78½	88 62 Steel 26 .765	70 Steel	63.94	61½ Steel	Chicago Make.	70 10" OD	89 31.201	80 76 10" OD	
3000 ft - 10 OD 35.5 # W.D. Line Pipe		96	99					95	1.09	98	
28000 ft - 8" OD 25.411 # W.D Line Pipe		67	70				74.57	67½	71	73	
100,000 ft 6" OD 19.367 # W.D. Line Pipe		49¼	53				53.24	51.35	53¼	50	Can not quote prices.
75000 ft 4" OD. 10.98 # W.D. Line Pipe		28½	31				30.19	29.1	30	29¼	
7000 ft 3" OD 7.675 # W.D. Line Pipe		20	21¾				21.09	20¼	22½	20¾	
Terms			2% - 15 5 x prompt from Ship					2% - 15 15 x prompt from Shelby	2% 15 15 x prompt from Ship.	15 x prompt Reading	

DEFENDANTS' EXHIBIT
(Guffey) No. 140
November 13, 1913

DEFENDANTS' EXHIBIT (Guffey) No. 141 November 13, 1913

PHILADELPHIA COMPANY.
PITTSBURGH, PA.

To

DATE

HIGH AND LOW PRICES OF STEEL AND IRON PIPE.

1901 to 1913.

	Wrot Iron per ton		Steel per ton		
	High.	Low	High.	Low	
1901 -	61.40	58.00	45.00	45.00	quotations
1902 -	65.75	53.00	58.00	60.00	
1903 -	62.25	48.00	65.00	61.20	
1904 -	64.20	45.20	None bought		
1905 -	51.50	41.80	62.80	61.40	
1906 -	62.70	44.50	48.60	46.20	
1907 -	74.70	54.40	68.40	59.70	
1908 -	58.20	45.00	59.80	54.80	
1909 -	61.40	43.70	54.20	51.80	
1910 -	63.00	45.50	50.10	46.20	
1911 -	58.00	42.80	56.60	39.00	
1912 -	60.00	42.00	46.00	30.20	
1913 -	62.70	48.50	44.30	37.00	

All prices at Mill with no freight allowance.

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 19[redacted] 1919

No. 481. 18[redacted]6

THE UNITED STATES OF AMERICA, APPELLANT,

vs.

UNITED STATES STEEL CORPORATION ET AL.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF NEW JERSEY.

VOLUME 6.

DEFENDANTS' EXHIBITS.

FILED MAY 12, 1916.

Defts Ex 142

BIDS

on

STEEL SHEETING

DEFENDANTS' EXHIBIT
Rindfoos No. 142
DATE Nov 26 1913
(Clerk)

Bids cover period from 1908 to 1913

Bids received by C.S.Rindsfoos	3,890 tons
Other bids received	340 "
Total	4,230 tons

Number of firms bidding	5
Number of competitive bids received	24
Number of cases identical bids	5
~~Maximum~~ percent variation at any one time in quotations	17%
Average maximum percent variation	6%
Average variation	5.0%

Tons per year

1908	8
9	8
10	300
11	233
12	2525
13	1156
	4230

Average 5 yrs 844 Tons

DEFENDANTS' EXHIBIT
Rudford No. 142
DATE Nov. 26 1913
(Sheet 2)

BIDS ON MATERIAL

Article Steel Sheeting Job Albany job

Date Oct. 191

Name of Bidder	Net Price per			Total Price	Size or Weight	Terms f.o.b.	Delivery.	Remarks
		7"						
Lackawanna		1.76		straight		Albany		
"		2.26		corners		"		

Approximate Quantities:- ~~400 to 500 tons 7 " Lackawanna~~

450 T

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS' EXHIBIT
Rindfoss No. 142
DATE Nov 26 1913
(Sheet 3)

BIDS ON MATERIAL.

Article Steel sheeting

Job S.C. Warehouse
L.I. City

Date Sept. 191[illegible]

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Delivery.	Remarks
7" Lackawanna Steel Co.		1.76 2.26	straight corners			f.o.b. dock I.I. City		

Approximate Quantities:- Say 300 T

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS' EXHIBIT
Bindhorn NO. 142
DATE Nov 26 1913
(Sheet 4)

BIDS ON MATERIAL.

Article Steel sheeting
any section

Job Equitable Bldg.

Date May 1913

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Delivery	Remarks
Lackawanna Steel Co.	"	1.76	Straight			f.o.b. car N.Y.		
		2.26	corners			do.		

Approximate Quantities:- Say 400 Tons

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS' EXHIBIT
No. 42
DATE Aug. 26 1913

BIDS ON MATERIAL.

Article steel sheeting

Job ~~Cotton Exchange~~ Bldg.

Date Nov. 191 2.

Name of Bidder	Net Price per			Total Price	Size or Weight	Terms	Delivery.	Remarks
Lackawanna		1.66		Jan. 15, 1913.		f.o.b. New York		

Approximate Quantities:- 100 tons

Order No _____ To _____ Placed by _____

Reason _____

PIER #3
Total length 177'

Lackawanna | U.S.
(allowed 5 pcs over) -- 172 pcs. straight; 182 pcs. straight;
2-90° corners | 2-90° corners
4-45° " | 4-45° "

PIER #4
Total length of pier-177
U.S. on job 75
To buy 102'

Lackawanna
100 pcs. str. (figured 3 pcs. over not counting corners)
1-90° corner
2-45° "

U.S.
105 pcs. straight. 1-90° corner
2-45° corners

B I D S O N M A T E R I A L

Article Steel Sheeting 40' long

Job Red River Bridge #2

Date November 8th 1912.

Name of Bidder	Net Price per			Total Price	Size or Weight	Terms	Delivery.	Remarks
	U.S.	Lack.						
Brown & Sites								
Great Lakes								
Hudson & Manhattan Ry.	Have none							
Carnegie Steel	question of	delivery puts		these	people	out of		the running
Lackawanna Steel Co.	2.29 fob cars Winnipeg	1.50 per cwt. fob cars mill 2.00 " " " "					35# per sq. ft.	1%-10 dys. or net 30 dys.
								Mill is located Lackawanna, Erie Co., N.Y.
Zeluicker Supply Co.								

DEFENDANTS EXHIBIT
No. 142
Nov 26 1912
DATE (Int 6)

Approximate Quantities:- Lackawanna | U.S.
(fig. 6 pcs over not counting corners)
272 pcs. str. | 287 pcs. str.
4 " 90° corner | 3-90° corners
7 45° " | 6-45° "

NOT

Order No 15427 To Lackawanna Steel Co. Placed by A A

Reason

DEFENDANTS' EXHIBIT
Plaintiffs No. 112
DATE May 26 1913
(Sh. 17)

BIDS ON MATERIAL.

Article Steel Sheet Piling
Job Dam No. 12
Date October 17, 1912 191

Name of Bidder	Net Price per 100# fob. as is U.S.	Lack.		Total Price	Size or Weight	Terms	Delivery.	Remarks
Arthur McMullen	1.35				35#/sf			60 pcs in hand
Stillman	1.30				40#/sf			71 " " "
Lack. Steel		1.55	fob. Wheeling		35#/sf		ship 3 days	new
Carnegie	1.65		"	"	"	Cannot	ship 6	months
			fob Wheeling					

Approximate Quantities:- 150600# — 15 T

Order No 15404 To Lackawanna Steel Co. Placed by CSR

Reason

DEFENDANTS' EXHIBIT
Rindskopf No. 142
DATE Nov. 26 1913
(Sheet 8)

BIDS ON MATERIAL.

Article STEEL SHEETING Job EQUITABLE BLDG Date Oct., 1912 191

Name of Bidder	Net Price per 100# Straight	Corners	Total Price	Size or Weight	Terms	Delivery	Remarks
Lackawanna	1.66	2.16	Jan 15/13	fob.	NY		
Jones & Laughlin	1.60			fob.	Pittsburgh		
Carnegie	1.86 1.81	6"x9" 12"	Mill "	fob.	NY		
Carnegie	2.40	9" x 12"	Stock	fob.	NY		

Approximate Quantities:- 700 tons Steel Sheeting

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS EXHIBIT
Rudford No. 142
DATE Nov 26 1913
(Sheet 9)

BIDS ON MATERIAL.

Article Steel sheeting
Job Hudson Hotel
Date Oct. 191 2.

Name of Bidder	Net Price per 100# straight		corner	Total Price	Size or Weight	Terms	Delivery.	Remarks
Lackawanna Steel Co.	1.66		2.16	Jan. 15,	1913.		f.o.b.	cars Albany

Approximate Quantities:- 275 tons 12" steel sheeting

Order No To Placed by

Reason

DEFENDANTS' EXHIBIT
Readfield No. 142.
DATE Nov 26 1917
(Book 10)

BIDS ON MATERIAL.

Article STEEL SHEETING Job DETROIT SUPERIOR BRIDGE

Date Oct., 1912 191

Name of Bidder	Net Price per 100# Straight		Corners	Total Price	Size or Weight	Terms	Delivery	Remarks
Lackawanna	1.60		2.10			fob. cars Cleveland, Ohio.		

Approximate Quantities:- 875,000 # Steel Sheeting

437 T

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS' EXHIBIT
Receiver No. 142
DATE Nov 26 1913
(Sheet 11)

BIDS ON MATERIAL.

Article STEEL SHEETING 12" 35#

Job SCOTIA DAM

Date July, 1912 191

Name of Bidder	Net Price per lb. fob Schenectady Plain	Corners	Total Price	Size or Weight	Terms	Delivery	Total Cost Remarks
Jones & Laughlin	1.60	4/0 V	with pulling	holes			20,335.00
Carnegie	1.66	1.91	"	"	"		20,335.00
Lackawanna	6/0 1.56	2.06	"	"	"		19,110.00
Bids on yellow sheet		1.50					18,375.00
				19110 18375			
				735	Difference		

Approximate Quantities:- 466.000# 1912

759.000# 1913 612 I

1 225.000# Total

Order No 14793 To Lackawanna Steel Co. Placed by CSR

Reason

DEFENDANTS' EXHIBIT
Plaintiff's No. 142
DATE Nov 26 1913
(Stutz)

BIDS ON MATERIAL.

Article STEEL SHEETING Job Kinney Bldg. June 18, 1912 Date 191

Name of Bidder	Net Price per 100# fob Newark 12"	9"	7"	Total Price 6"	Size or Weight	Terms	Delivery Shipment	Remarks
Lackawanna	1.56	-	1.56	-			3 days	Cor. 50¢/100 ex.
Carnegie	-	1.61	3%	1.81			1 week	corner
Carnegie	-	2.25		2.25			Waverly	

Approximate Quantities:- 58 tons

Order No 14523 To Lackawanna Steel Placed by CSR

Reason

DEFENDANTS EXHIBIT
Receiver's No. 142
DATE Nov 26 1913
(Sheet 13)

BIDS ON MATERIAL.

Article Steel Sheet Job Woolworth Date Jan. 191

Name of Bidder	Net Price per 100# 100#	sq.ft.	Total Price	Size or Weight	Terms	Delivery.	Remarks
Wemlinger	3.70	.27	1055.	12" 7.3#/s	f fob NY	2 wks	7/64"
"	3.33	.282	1114	12" 8.5#/s	f "	"	1/8"
"		.31	1211	12" 11 2/s	f "	"	5/32"
Carnegie	1.51		1948	12" 35#/s	f "	1 week	Corner
"	2.40		3096	12" 35#/s	f "	Immediate	pieces 50¢
"	1.71		1337	9" 21 2/7#/sf	"	3 weeks	additional
"	2.60		2235	5" 22#/sf	"	immediate	
"	1.71		1470	6" 22#/sf	"	1 week	
Lackawanna	1.46		1226	7" 21 2/sf	"	1 week	Cor. 50¢ per 100# add.
Wemlinger		.43	1680	12" 19#/sf	"	2 weeks	1/4"
"		.26	1016	Changed			

Approximate Quantities:- 272 pcs; 12" wide x 14 ft long
3908 sq. ft.

687

Order No _____ To Lackawanna Placed by CSR

Reason _____

DEFENDANTS' EXHIBIT
Riddlesons No. 142
DATE Nov 26 1913

BIDS ON MATERIAL

(Sheet 14)

Article 12" steel sheet piling
Job Guaranty Trust
Date Nov. 13, 191 1

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Delivery.	Remarks
Carnegie Steel Co		1.69					f.o.b. NY	
Lackawanna Steel Co.		1.59					f.o.b. NY	
U.S.Sheet Piling (Phoenix Cont. Co)		1.15	23.00 net ton				f.o.b.	Pavonia Ave Jersey City

~~11900# Lackawanna~~

Approximate Quantities:- 20 pcs. 12" sheet piling 16'0" 35# - $189.11 NY

12000# Phoenix " " " " " 15'0" 40# - 138.00 J.C

G T

Order No 13271 To Phoenix Construction Co. Placed by CSR

Reason

DEFENDANTS' EXHIBIT
Bradford No. 142
DATE Nov 26 1913
(Shutts)

BIDS ON MATERIAL

Article Steel sheeting

Job Mohawk River Bridge Date Aug. 11th 191

Name of Bidder	Net Price per 100#		Total Price	Size or Weight	Terms	Delivery.	Remarks
		corners					
Lackawanna Steel Co.	1.58	2.06		12" x 35# 3/8" web		Immediate	f.o.b. Schenectady
Carnegie Steel Co.	1.56	1.56		12" x 35# 3/8" web		do.	do.

1- Carnegie order

Approximate Quantities:- 7050 sq. ft.

1050
35
35250
23150
24.6225

282 Pcs & 8 corners

123 T

Order No 12299 To Carnegie Steel Co. Placed by L.L.B.

Reason Iowest bidder

DEFENDANTS' EXHIBIT
Foundation No. 14 y
DATE Nov 26 1913
(Sheet 16)

BIDS ON MATERIAL

Article Chute Job Edison Date May 6 191 1

Name of Bidder	Net Price per 100#		Total Price	Size or Weight	Terms	Delivery.	Remarks
	Straight	Corners					
Lackawanna Steel Co.	1.81	2.01			f.o.b. cars.		Brooklyn, N.Y.

Approximate Quantities:- ~~11,000 sq. ft. 7" steel sheeting~~

20

220 000

110 T

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS EXHIBIT
Bradford No. 142
DATE Nov 26 1913
(Shultz)

BIDS ON MATERIAL.

Article Sheet Piling Job Woolworth April 1911

Date November, 1910 191

Name of Bidder	Net Price per ton 2000lbs.			Total Price	Size or Weight	Terms f.o.b.	Delivery.	Remarks
Lackawanna	33.20				12 3/4" x35#1s' web	NY	1 week	
Carnegie	36.20				12" x 35#1sq' U.S.Section	NY		$1 extra for corner pieces
Jones & Laughlin	33.20					NY	1 week	
Friestadt	37.20				12" x 34# sq'	NY		Carnegie
Carnegie	----							
Lackawanna	33.20							
Jones & Laughlin	33.20							

Approximate Quantities:- 175 tons 12" 35#/sq' 25'-40'long
12/12/10 ~~125~~ "
300 T

Order No 10208 To Lackawanna Placed by CSR

Reason

17

DEFENDANTS EXHIBIT
Readfern No. 142
DATE Nov 26 1913
(Sheet 2)

BIDS ON MATERIAL.

Article Steel Sheeting

Job Municipal Bldg.

Date 1909 191

Name of Bidder	Net Price per ____ Per ton f.o.b. N.Y. estimated 450 lin. ft. 25 ft. long	Total Price	Size or Weight	Terms	Delivery.	Remarks
U.S.Steel Co	33.20					
U.S.Steel Friestad	35.20					
Lackawanna Steel Co.	35.20					This sheeting is 3/8" thick

Approximate Quantities:- 8 Tons

Order No ____ To ____ Placed by ____

Reason ____

PLAINTIFF'S EXHIBIT
Kindberg No. 142
DATE Dec 16 1913
(Sheet 19)

BIDS ON MATERIAL

Article Sheeting Job ? Date 1908 191

Name of Bidder	Net Price per ___ U.S. Steel Per ton	Lackawanna	Wemlinger per sq. ft	Total Price Remarks	Size or Weight Cost lin.	Terms	Delivery	Remarks
						of material for 450 ft. of	Sheeting 25 ft long	
H.J.McCoy	38.20	38.20	.62			U.S. 7520.62	Lack. 7520.62	Wemlinger 6975.00
Lackawanna		38.20		Unpunched add 1.00 per ton for punching			7638.74	
U.S.Steel	38.20					7520.62		
Wemlinger	#6 type "B"		3/16" .44½					5006.25
	#11 " "D"		3/8" 3/16 .62½					7031.25

Approximate Quantities:- 450 lin ft = 8 t

Order No___ To _____ Placed by _____

Reason _____

Defts Exh 143

DEFENDANTS' EXHIBIT
Kindsvatter No. 143
DATE Nov 26 1913
(Sheet 1)

BIDS ON REINFORCING

Bids cover period 1908- 1913

Bids received by C.S.R.	1230 tons
Other bids	670 tons
Total tons	1900

Number of firms represented ... 29
" " separate bids received-220
" " cases of identical bids-31

Average maximum % variation 17%
Probable average % variation 8%

DEFENDANTS' EXHIBIT
Rudfoss No. 143
DATE Nov 26 1913

BIDS ON MATERIAL.

Article REINFORCING Job WESTERN UNION (Sheet 2)

Plain square Date February 1913

Name of Bidder	Net Price per ~~100#~~ ½"		¾"	Total Price	Size or Weight	Terms	Delivery	Remarks
Carnegie	2.35		2.20	151.19			2 days	
Igoe	2.30	60/0	2.30	150.78			2 days	
Egleston	2.45		2.30	157.75			3 days	
Ogden & Wallace	2.40		2.25	154.47			4 days	
Faitouts I & S. Co.	2.45		2.30	157.75			2 days	

Approximate Quantities:- 4640# ½" sq. Plain bars cut to length 3¼

1916# ¾" " " " " "

6556

Order No 15864 To Igoe Bros. Placed by CSR

Reason

DEFENDANTS' EXHIBIT
Number No. 143
DATE Nov. 26 1913
(Sheet 3)

BIDS ON MATERIAL

Article Reinforcing

Job Astor House

Date Oct. 191 3.

Name of Bidder	Net Price per 100# f.o.b. Harrison, N.J.	Total Price	Size or Weight	Terms	Delivery.	Remarks
Ogden	1.83			f.o.b. job Astor House		
Ryerson	1.83			f.o.b. Harrison		
Bayonne	2.05				do.	
Igoe.	Could not figure					
Pardee	1.90			ditto		
Faitoute	2.00				ditto.	

Approximate Quantities:- 20T

Order No 16924 To J. Edw. Ogden Co. Placed by C.S.R.

Reason Price

DEFENDANTS' EXHIBIT
Richfield No. 143
DATE Nov 26 1913
(sheet 4)

BIDS ON MATERIAL.

Article Reinforcing, etc. Job Muskingum Bridge Date June 191 3.

Name of Bidder	Net Price per			Total Price	Size or Weight	Terms	Delivery	Remarks
	Tie Rods	Drift bolts	Turn-buckles	Bolts	Plates	Sods.		
Bayonne B & N. Co.	2.45	2.36	.45	70-10-5	2.50	2.06		
		90%						
Ryerson Sons	2.67	2.82	.55	70-10-5	3.10	2.00		

Approximate Quantities:- _____

_____

_____

15 T

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS EXHIBIT
Kenyon No. 143
DATE Nov 26 1913
(Thos S)

BIDS ON MATERIAL.

Article Mesh. Reinforcing #27 Job Equitable Bldg.

Date May 191 3.

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Delivery.	Remarks
Am. Steel & Wire Co.		.96		ungalv.		f.o.b. Pittsburg		
do.		1.07		galv.		do.		

Approximate Quantities:- _____

_____

_____

6 T

Order No _____ Placed by WR

Reason _____

DEFENDANTS' EXHIBIT
Stanford No. 142
DATE Nov 26 1913
(Rule 6)

BIDS ON MATERIAL.

Article Reinforcing

Job Morgan Building

Date April 191 3.

Name of Bidder	Net Price per		Total Price	Size or Weight	Terms	Delivery.	Remarks
	Plain	Threaded					
Ryerson	1.66	2.15	1901.38		f.o.b. Harrison	Ship 5/15/13	
Ogden	1.90	1.90			do.	Ship 5/7/13	
Igoe	2.15	2.15 plus $300.00	2368.98		do.	Ship 5/15/13	
Ravenna	1.98	2.35 Threaded 2.90 Threaded 1 end 3.45 Threaded 1 end	2021.67		do.	Ship 5/15/13	

Approximate quantities ~~as above~~

Order No 16030 To [illegible] Placed by [illegible].

Reason Price

DEFENDANTS EXHIBIT
Plaintiffs No. 143
DATE Nov 26 1913
(Sheet 1)

BIDS ON MATERIAL.

Article Wire Mesh Reinforcing
Job EQUITABLE BUILDING
Date Dec. 1912.

Name of Bidder	Net Price per sq. ft.			Total Price	Size or Weight	Terms	Delivery.	Remarks
Am. Steel & Wire Co.	# 27	1.17 .96	L.C.L. C.L.	f.obb. cars ditto		Pittsburg, Pa.		
ditto	# 5	.97 .80	L.C.L. C.L.	ditto ditto				

Approximate Quantities:- 430000 sq. ft. #27

See other Bids

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS' EXHIBIT
No. 143
DATE Nov 26 1913

BIDS ON MATERIAL.

Article Reinforcing Job EQUITABLE BLDG. Date Oct. 191 2.

Name of Bidder	Net Price per 100# Plain	Deformed	Total Price	Size or Weight	Terms	Delivery	Remarks
Ryerson	1.56 1.61	1.61 1.66	200 tons balance		f.o.b. New York	1913	Soft steel
Corrugated		1.51			"	"	" "
Buffalo	1.76	1.76			"	"	Re-rolled
Ogden	1.65				"	"	Soft steel
Paitoute	1.56	1.61			"	"	Re-rolled
Kleannes		1.56			"	"	Soft steel

30%

Approximate Quantities:- 260 tons 1" sq.
70 " ¾" round
70 " 1" "
400

400 T

Order No 15405 To Ryerson Placed by B

Reason

DEFENDANTS EXHIBIT
No. 143
DATE Nov. 26 1913

BIDS ON MATERIAL.

Article Reinforcing

Job WESTERN UNION

Date Sept. 1912.

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Delivery.	Remarks
Igoe Bros.		2.25				f.o.b. job.	3 days	Plain bars
Ryerson & Son		1.70				f.o.b. job	1 week	" "
Ogden I & S Co.		1.70				f.o.b. Bayonne	1 week	" "

Approximate Quantities:- ~~1" square bars~~

~~7-8' 0"~~ 56 2606 @ 2

~~22 16' 0"~~ 352

~~111 18' 0"~~

~~10-20' 0"~~ 1498

2606
1303
3909
21

Order No 14889 To ~~Jos. T. Ryerson & Son~~ Placed by C. S.R.

Reason Price

2606

DEFENDANTS EXHIBIT
Rudkoff No. 143
DATE Nov 26 1913
(Atwill)

BIDS ON MATERIAL.

Article Reinforcing Job ADAMS EXPRESS BLDG Date April 25. 191 2.

Name of Bidder	Net Price per ~~100#~~			Total Price	Size or Weight	Terms	Deliv-ery.	Remarks
	Mill	Stock	Re-rolled 10 days					
Ogden, I & S Co.	1.40	1.55						f.o.b. dock New York
Buffalo Steel Co.			C/L 1.26	L C/L 1.39				f.o.b. cars New York

Approximate Quantities:- ~~3/4" & 1" round and square rods~~

25 T ?

Order No__ To _____ Placed by _____

Reason _____

DEFENDANTS' EXHIBIT
Lindsley No. 143
DATE Nov 26 1913
(Sheet 11)

BIDS ON MATERIAL.

Article REINFORCING Job SCOTIA DAM Date Sept. 2. 191

Name of Bidder	Net Price per 100# threaded	Deform.		Total Price	Size or Weight	Terms	Delivery	Remarks
Ryerson & Son	2.10		1.56			Mar.	1913	f.o.b. Schenectady
Corrugated Bar Co.			1.51	3.76			"	"
Carnegie Steel Co.			1.61				"	"
Jones & Laughlin			1.61			Apr.	"	"
Ogden I & S. Co.	2.10					Mar.	"	"
Chesapeake Iron Co.		Would not bid						
Faitoute & I & S Co.		"						
Ogden & Wallace	2.25					"	"	"

Approximate Quantities:- 200 tons Deformed bars
25 " Threaded

225 T

Order No 14898 / 14895 To ~~Jos. T. Ryerson & Son~~ Corrugated Bar Co. Placed by L.L.B

Reason Price on deformed bars. Delivery on Threaded bars.

DEFENDANTS' EXHIBIT
Kindberg No. 143
DATE May 26, 1913
(Aug 12) 2

BIDS ON MATERIAL

Article REINFORCING Job SCOTIA DAM Date November, 191

Name of Bidder	Net Price per 100# Twisted	Threaded		Total Price	Size or Weight	Terms	Delivery Shipment	Remarks
Ryerson			3.00 ~~2.75~~			Threaded only	2 wks	f.o.b. Schenectady
Ogden	Average price on both 2.15			460.10	222.75	Thread Twist	10 days 2 wks	" "
Pierson	2.20						2 wks	" "
Faitoute	2.27						2-3 wks	" "
Carnegie	~~2.85~~ 2.40	~~1¼"~~ $\frac{1}{2}$"	twisted "				10 wks	" "
Pardee	1.95				Twisted only 259.35		2 wks	" "
				482.10				

Approximate Quantities:- 350-$\frac{3}{4}$" twisted bars 18'0"
350-$\frac{3}{4}$" " " 20'0"

10 T

Order No 15432 To Ogden Placed by CSR

Reason

DEFENDANTS' EXHIBIT
Reed for
No. 143
DATE Nov 26 1913
(Sheet 13)

BIDS ON MATERIAL.

Article REINFORCING Job DETROIT SUPERIOR BRIDGE

Date Oct. 1912

Name of Bidder	Net Price per 100# De form.	Twist ed	thread ed	Total Price	Size or Weight	Terms	Deliv-ery	Remarks
Corrugated	1.45	2.05				f.o.b.	cars	Cleveland, Ohio
Ryerson		1.75	2.25				"	"

Approximate Quantities:- 883,000 Deformed Bars
~~13,000 Threaded bars~~
896000 @ Say 15'
448 000
13,440,000

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS' EXHIBIT No. 193 DATE Mar 26 1913

BIDS ON MATERIAL.

Article Reinforcing Job SCOTIA DAM Date July 1912.

Name of Bidder	Net Price per Plain 1"	Plain 3/4"	Threaded 3/4 & 1	Total Price 5/8	Size or Weight	Terms	Delivery	Remarks Total
Pardee	1.45	1.45	1.85	1.95	f.o.b. Schenectady		2 wks	1611.30
Pierson	1.45	1.50	1.97	1.97	"		1-3 wks	1688.59
Buffalo	1.36 Re-rolled	1.36	Plain only 1.36	1.41	"		2 wks	1298.17
Ogden	1.46	1.46	1.89	1.89	"		1-2 wks	1627.65
Republic	1.44	1.44	2.00	2.20	"		6-8 wks	1675.69
Faitoute	1.36 Twisted 1.41	1.36	1.42 re-rolled 1.41	1.47	"		2-3 wks	1416.06
Faitoute No	1.59 Twisted 1.64	1.59	1.85 Open hearth steel 1.64	1.90	"		3-4 wks	
Corrugated	1.41	1.41			"		5-7 wks	
El Cannes	1.41	1.41			"		6 wks	
Bid	1.35	1.35	1.75	1.75				1505.74

Approximate Quantities:- 70,000# 3/4 & 1" Deformed bars
30.000# 5/8 3/4 & 1" threaded bars) 100T

14597 Faitoute I & S Co.) Plain Bars
14593 Corrugated Bar Co.) deformed

Order No 14584 To Ogden I & S Co. Threaded bars Placed by CSR

Reason

DEFENDANTS' EXHIBIT
Equitable No. 143
DATE Nov 26 1913
(Sheet 15)

BIDS ON MATERIAL.

Article Reinforcing Job N.Y. CONNECTING R.R. Date July 5th, 1912

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Deliv-ery.	Remarks
	1" sq.	plain	½" rd. threaded					
Buffalo Steel Co.	1.36							f.o.b. cars New York
Ogden I & S. Cp.			1.90					f.o.b. job.

Approximate Quantities:- 360,000# 1" sq. rods

14,000# ½" rods threaded

187 T

374

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS EXHIBIT
No. 143
DATE Nov 26 1913
(Sheet 16)

BIDS ON MATERIAL.

Article Expanded metal

Job Woolworth

Date March 8th, 191 2.

Name of Bidder	Net Price per 2000 sq.ft.	Net Price per 3000 to 10000 sq. ft.	Net Price per 10000 sq.ft. or over	Total Price	Size or Weight	Terms	Delivery.	Remarks
Expanded Metal Eng Co.	3.74	3.48	3.21			f.o.b. 656 W. 34th	Warehouse, St. N.Y.C.	
H.L. Bond Co.			3.60			f.o.b. job.		

Approximate Quantities:- 17,000 sq. ft. expanded metal
3" #10 heavy

Order No 14225 To Expanded Metal Eng. Co. Placed by C.S.R.

Reason Price No other place can be obtained from

DEFENDANTS' EXHIBIT
Reinforcing No. 143
DATE Nov. 26 1913
(Short)

BIDS ON MATERIAL.

Article Reinforcing Job Woodworth Date March 16th, 1912.

Name of Bidder	Net Price per			Total Price	Size or Weight	Terms	Delivery	Remarks
	Re-rolled							
Buffalo Steel Co.	1.34	(Re-rolled*					10 days	f.o.b. New York
Ogden I & S. Co.		1.65 1.55	2 days 4 days					f.o.b. job
H.L. Bond Co.		1.49					10 days	do.
Faitoute Steel Co.		1.90						do.

Approximate Quantities:- _____

_____

_____

Order No 14275 To Ogden Iron & Steel Co. Placed by C.S.R.

Reason _____

DEFENDANTS' EXHIBIT
Plaintiffs No. 142
DATE Nov 26 1913
(About 18)

BIDS ON MATERIAL.

Article Reinforcing Job ~~Am. Ex. Bank Bldg.~~ Date ~~Mar. 11,~~ 191 2.

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Delivery	Remarks
H.L. Bond Co.		2.30					at once	f.o.b. job
Ogden I & S Co.		1.65					ditto	
Vought & William		1.85					ditto	

Approximate Quantities:- ~~200 pcs. 1" square reinforcing~~ rods 16' 0" long

200 x 16 = 3200

Say 1 T

Order No 14220 To ~~Ogden Iron & Steel Co.~~ Placed by

Reason

DEFENDANTS' EXHIBIT
Bondfloor No. 143
DATE Nov. 26 1913
(Sheet 19)

BIDS ON MATERIAL.

Article Reinforcing Job ~~Quarrnty~~ Date Feb. 16 1912.

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Delivery	Remarks
			re-rolled					
Parder Works	1.40	1.80				f.o.b. N.Y.	1 week	
Ogden I & S Co.	1.59					f.o.b. job	1 week	
Buffalo Steel Co.			1.34			f.o.b. N.Y.	10 days	
Bond Co.			1.43			f.o.b. job		

Approximate Quantities:- 7000 ~~cir~~. ft. 3/4" rods in 26' lengths

10500#

5T

Order No 14086 To Pardee Placed by C.S.R.

Reason

DEFENDANTS' EXHIBIT
Bidders No. 163
DATE Nov 26 1913
(Sheet 20)

BIDS ON MATERIAL.

Article REINFORCING Job WOOLWORTH Date May 16, 1911 191

Name of Bidder	Net Price per 100# 164 Railroad 190 less cl fob NY carload lots	fob Tonowanda cl lots	fob job cl. lots	Total Price fon BY	Size or Weight	Terms	Deliv-ery fob Job	Remarks
		Carnegie S.	Buffalo Steel Co	Pierson Co.	El Cannes	Pattouts Steel Co.	Bond Co.	Scovil Iron & S Co
6000# ¾" rd 3" thr both ends 2 nuts each end				1.80		1.54 fob with frt alld. to NY Threads 3½" ct ea. 1" nuts ¾" ct. ea.	1.55	1.70
14000# 1" rd 3" thr one end 2 nuts " "				1.85	459.50		1.50 415.50	1.70 425.00
4000# ¾" rd 3" thr. one end 2 nuts " "				1.85			1.55	1.70
1000# ¾" rd 3" thr. one end hooked other end			5/0	1.85			1.55	1.70
20000" 1" sq cut 8'-10" lengths		1.56	1.25	1.60	1.56	1.51	1.50	1.40
7000# ¾" sq cut 4'-10' 18' lengths		1.61 4' 1.56 10' 12'	1.25	1.60	1.56	fob. with frt.	1.55	1.40 plus 05
6000# ¾" rd. cut 6'-18' lengths	1.71 6/1 1.56 6/15		1.25	1.60		alld. to New York.	1.55	1.40 " "
29000# 1" sq standard lengths		1.56	1.25	1.60	1.56		1.45	1.40

continued

Approximate Quantities:-

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS' EXHIBIT
Rudfoss No. 143
DATE Nov 26 1913
(Sheet 21)

BIDS ON MATERIAL.

Article _____ Job WOOLWORTH - CONT'D

Date _____ 191

Name of Bidder	Net Price per ____			Total Price	Size or Weight	Terms	Delivery	Remarks
		Carnegie Steel	Buffalo	Pierson & Co	El Canes	Faitoute-Steel	Bond Co	Scovil
5000# $\frac{3}{4}$" sq stand. lengths		1.56	1.25	1.60	1.56		1.50	1.40 plus 05
3000# $\frac{3}{4}$ sq. standard ~~Lengths~~	1.71 1.56	6/1 6/15	1.25	1.60			1.50	1.40 plus 05

Approximate Quantities:- 61,000 # square
~~30,000# round~~

4 5 T

25,000# 11766 Scovil I & S Co. ~~Threaded bars~~

Order No. ~~69,000# 11742~~ To ~~Buffalo Steel Co. Plain bars~~ Placed by CSR

Reason _____

DEFENDANTS EXHIBIT
Kindleberger No. 143
DATE Nov 29-1913
(Sheet 22)

BIDS ON MATERIAL.

Article Reinforcing

Job Guranty Trust Co.

Date Oct. 2, 1911 191

Name of Bidder	Net Price per 100# 109000#	7000#	14000#	Total Price 33000#	Size or Weight	Terms	Delivery.	Remarks
	1" sq. deformed bars in stock lenths	3/4" sq.	1/4"	3/4" and 1" bars cut to length and threaded				
T. Cannos Bar Co.	1.36 1.41	1.36 1.41	1.36 1.41				f.o.b. cars N.Y. Shipment 2 weeks. Car load lots	
Buffalo Steel Co.	1.31 1.36	1.31 1.36	1.81 1.86	(5/16 round			f.o.b. cars N.Y car load lots	
Scovil I & S. Co.				2.00 2.00	2.00 2.00		f.o.b. N.Y. as required	
Parder Works				1.50 1.55	1.50 1.55		do.	
H.I. Bond Co.	1.46 1.46 re-rolled	1.46 1.46	1.96 2.01	1.86 1.91	1.86 1.91		f.o.b. job N.Y.	
do.	1.51 1.56 not rerolled	1.51 1:56	2.01 2.06				do.	
Hudson Manhattan	1.00 1.10						f.o.b. Jersey City	
(Lower figures indicate price f.o.b. job)								
12798	Plain bars to Hudson Manhattan							
12799	Threaded bars to Pardee Works							

Approximate Quantities:- 109000# 1" sq. deformed @ $1.10=$1199.00 Hudson Manhattan
33000# 3/4" and 1" threaded bars @ 1.55 - 511.50 Pardee Wks.
~~7000# 3/4" sq. deformed @ $1.40 98.00~~)Buffalo
14000# 1/4" " " 1.90 266.00) Steel Co.

Order No____ To____

Reason Price Placed by ~~C S.R.~~

817

DEFENDANTS' EXHIBIT
No. 142
DATE Dec. 4th 191
(Sheet 23)

BIDS ON MATERIAL.

Article Reinforcing Job Mohawk River Bridge

Date Oct. 18 191 1.

Name of Bidder	Net Price per		Total Price	Size or Weight	Terms	Delivery	Remarks
	1¼" plain	1¼"-1 1/8" threaded					
Scovill I & S Co.	2.00	2.50	121.80			Immediate	f.o.b. Schenectady

Approximate Quantities - 50-1¼" x 9' CF plain rib rods
8 1¼" x 9' CF plain rib rods 4 threaded both ends w. nuts & washers
6 1¼" x 17'9" do.
32 1 1/8" x 19' 3" do.
Page 15.8 plain @ 2 cts 40.32
15.8 threaded 2½ 39.50

3T

Order No 10850 To Scovill Iron & Steel Co. Placed by J.J.S.

Remarks

DEFENDANTS EXHIBIT
Bradford No. 143
DATE Nov 26 1913
(Sheet 24)

BIDS ON MATERIAL.

Article Reinforcing
all cut to length Job Seamen's
Date Sept. 19 1911.

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Delivery.	Remarks
	1" rd.	1 1/8" Rd.	1" sq.	1" rd.	3/4" rd.			
	12'0" Threaded one end & 1 nut	12' long	13' to 14' long	15' to 24' long plain	5', to 24' long plain			
Buffalo Steel Co.			1.44 1.49	1.44 1.49	1.44 1.49		f.o.b. New York	Ship from Buffalo in 10 days
Scovil I & S. Co.	1.65 1.65	1.65 1.65		08			f.o.b. job	Delivery in 10days
Pardee Works	1.65 1.70	1.65 1.70					f.o.b. New York	Delivery in 2 weeks
H.L. Bond Co.	1.65 1.70	1.65 1.70	1.55 1.60	1.55 1.60	1.60 1.65		f.o.b. New York	Delivery in 3 weeks
Lower figures indicate price f.o.b. job.								

Approximate Quantities:- 56000# 1" Rd. iron threaded) 58500#
2500# 1 1/8" do.)
#12580 Scovil I & S Co. threaded bars) 750# 1" sq. do.)
#12581 Buffalo Steel Co. plain bars) 4200# 1"rd. do.) 6150#
1200# 3/4" do.)

32T

Order No _____ To _____ Placed by C.S.R.

Reason Price

DEFENDANTS' EXHIBIT
Bridgeport No. 143
DATE Nov 26 1913
(Sheet 25)

BIDS ON MATERIAL.

Article 3/4" double end rods 4" threaded ea end.no nuts Job Woolworth

Date Mar. 28 191

Name of Bidder	Net Price per lb. 3/4" rods 30-18'8" 11-12'8"	32-12'2" 33-14'8" 48-16'5"	Total Price	Size or Weight	Terms	Delivery.	Remarks
Vought & Williams	.02¾					April 5	

Approximate Quantities:-

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS' EXHIBIT
Reinforcing No. 143
DATE Nov. 26 1913
(Sheet 26)

BIDS ON MATERIAL.

Article 3/4 Rd. Reinforcing

Job Woolworth

Date Jan. 25 1911

Name of Bidder	Net Price per cwt. lbs. delivered stock lengths	cut to size		Total Price	Size or Weight Stock	Terms	Delivery Stock	Remarks Delivery cut to size
AbeelBros.	1.85				16 ft. 18 ft.		at once	
Vought & Williams	1.85				15		"	
Ogden & Wallace	1.90	2.20			20 ft.		"	2 days
Egleston Bros.	1.85	1.85			16 to 18 ft.		"	1 "
McCoy Co.	1.85	1.75			16 to 18 ft.		"	4 "

Approximate Quantities:- 9300 lbs.

4 T

Order No 10805 To H.J. McCoy Co. Placed by A. Apter

Reason

DEFENDANTS' EXHIBIT
Kirkpatrick No. 143
DATE Nov 26 1913
(Sheet 27)

BIDS ON MATERIAL.

Article Reinforcing rods 1" & ¾" sq.
Job WOOLWORTH BLDG.
Date March 28th, 1911

Name of Bidder	Net Price per CWT f.o.b. Job	f.o.b. Dock		Total Price	Size or Weight	Terms	Delivery	Remarks
H.L.Bond Co.	1.60					Apr.	8, 1911	
T.W.Kiley Co.	1.66						"	
Ogden & Wallace	1.70						"	
Eggleston Bros.	1.71						"	
Ogden I & 1" Steel Co	1.71		¾" 1.75				"	
Carnegie Steel Co.	Waverly C. ld. 2.05	18 tons 1.56		Less car load 1.59 f.o.b. dock				
Buffalo ~~Steel Co~~		Car load 18 tons 1.41						
Pierson & Co.		1.56						
Abeel Bros.		1.65						
Voight & Williams		1.66						

Approximate Quantities:- 22970# 1" sq. rods
~~8406~~ ¾" " "
~~31376#~~

15T

Order No 11409 To Buffalo Steel Co. Placed by CSR

Reason Price

DEFENDANTS' EXHIBIT
Lindsay
No. 143
DATE Nov 26 1913
(Sheet 28)

BIDS ON MATERIAL.

Article Reinforcing Job Woolworth Date June 15th, 1911

Name of Bidder	Net Price per 100# f.o.b. dock			Total Price	Size or Weight	Terms	Delivery	Remarks
Buffalo Steel Co.	1.59							
Bond & Co.	Did not bid							
Hudson Manhattan			1.00 f.o.b. 42nd St. yard					

Approximate Quantities:- 1000# 204pcs. ½" x 59" sq. twisted bars

½ T

Order No 11871 To Buffalo Steel Co. Placed by F.W.

Reason

DEFENDANTS' EXHIBIT No. [illegible] DATE [illegible] 191[illegible]

BIDS ON MATERIAL.

Article Reinforcing Job Woolworth Date December 28, 191 0.

Name of Bidder	Net Price per 100#			Total Price	~~Size~~ Weight in stock	Terms f.o.b.	Delivery	Remarks
Buffalo Steel					none			
McCoy	2.00				60 tons	job.		
Pierson					none			
Larkin	2.35				30 tons	job.		
Vought & Williams	1.90 1.75				3 tons 2½ "	job.		Steel Iron
Kiley	1.90 1.75				40 bars 36 "	job.		Steel Iron
Scovil I & S					none			
Carnegie	1.90 1.90	1.95 cut to length				job. 48 hrs.		50,000# 16-18 60,000# 30-60
Corrugated Bar	2.00					job 24 hrs.		110,000

Approximate Quantities:-

10565 Carnegie
10567 Vought & Williams
10498 McCoy
10568 Ogden & Wallace
10566 Abeel

55 T

Order No _____ To _____ Placed by C.S.R.

Reason Price and delivery

DEFENDANTS' EXHIBIT
Pinkerton
No. 143
DATE Dec 21 1913
(Sheet 32)

BIDS ON MATERIAL.

Article Reinforcing steel

Job S.O. Car Factory Date 191

Name of Bidder	Net Price per 1.			Total Price	Size or Weight	Terms	Delivery	Remarks
McCoy	(2.15) 1.7¢				8 lengths 1 square		1/4 immediately bal. in wk.	
Jersey Scoville	2.25						do.	
Egleston Bros & Co.	1.90 1.76						f.o.b. N.J. Bayonne 7000 lbs.	immediately within a wk.
Larkin, Jr.	2.45	(?)						
Kiley	1.80	(?)						

Approximate Quantities.- 15000 pounds

7½T

Order No _____ To McCoy Placed by C.S.R.

Reason Price

DEFENDANTS' EXHIBIT
Lindgren No. 143
DATE Nov 26 191
Sheet 4

BIDS ON MATERIAL.

Article Reinforcing Job Bankers Trust Co. Date June 191

Name of Bidder	Net Price per 100 lbs. 1" sq.			Total Price	Size or Weight	Terms	Delivery.	Remarks
Buffalo Steel Co.	1.69					f.o.b. N.Y.		
J.K. Larkin	2.50					f.o.b. job.	1 week	
Thos, W. Kiley	1.85					"	"	
McCoy	1.90					"	"	
Pierson & Co.	1.68 ~~1.73~~					f.o.b. cars, N.Y.	"	Add 1.00 per ton for delivery on job.
C.W Brown	No figure					~~Job~~		

Approximate Quantities:- 510 rods 1" square x 10' 0" ~~long~~
about 17340#

6/20/10

8½ T

Order No 8566 To Pierson Placed by

Reason

DEFENDANTS' EXHIBIT
Rindfuss No. 143
DATE Nov 2-6 1913
(Sheet 32)

BIDS ON MATERIAL.

Article Reinforcing Job Bakers

Date October 1910

Name of Bidder	Net Price per ___		Total Price	Size or Weight	Terms	Delivery	Remarks
	¼" o	¼" sq.					
Pierson & Co.	2.08	2.08			f.o.b. N.Y.	10- 12 days	
Buffalo Steel Co.	2.04				"	Immediate shipment mill	
Pardee	1.65				"	25% 3-4 days. Bal. 10 days	
Ogden & Wallace		2.70			f.o.b job	Immed- iate	Mill shipment 3 wks. 2.20 f.o.b job.
Vought & Williams		2.60			"	10,000' Balance,	from stock 1 week
Ogden I & S	2.30	2.45			"	1 week	
Kiley	2.40	2.40			"	Immediate	12' lengths
J.K. Larkin	2.43	2.65			"	"	12' lengths
McCoy	Cannot furnish						20' lengths on Oct. 25

Approximate Quantities:-

10/22/10

Stay 1 T

Order No 9539 To Larkin Placed by C.S.R.

Reason Delivery

DEFENDANTS' EXHIBIT
Kindorf No. 148
DATE Nov 26 1913
Short 33

BIDS ON MATERIAL.

Article Reinforcing Job Zinn Bldg. Date October 21. 1910.

Name of Bidder	Net Price per			Total Price 1" sq.	Size or Weight	Terms	Delivery	Remarks
	3/4 o	3/4 sq/	5/8 sq.					
Pierson & Company	1.47½	(1.505) 1.47½	1.52½ (1.555)	1.47½	f.o.b. N.Y.	7-10 days		Iron
	~~1.61~~	~~1.61~~	~~1.61~~	~~1.61~~	"	~~4 weeks~~		~~Steel~~
Buffalo Steel	1.46	1.46 1.49	1.51 1.54	1.46	"	10 days		Steel
Pardee	1.60	1.60	1.60	1.60	f.o.b. Mill. FGT. allowed	2 weeks		
Ogden I & S.	1.61 ~~1.81~~	1.61	1.61	1.61	"	2-3 weeks ~~1 week~~		
Kiley	1.75				f.o.b. New York	2-3 weeks		
K.J.K. Larkin	2.35				f.o.b. job.			stock
Vought & Williams	2.15 1.76	~~1.81~~ 2.15 1.76	~~1.86~~ 2.20 1.81		f.o.b. N.Y.			stock mill
Ogden & Wallace		1.70	1.75		f.o.b. job.		3 days	stock

Approximate Quantities:- ~~26000# 3/4 sq/~~
11/1/10 4000# 5/8 sq/

15 T

Order No 9614 To Buffalo Steel Placed by C.S.R.

Reason

Bracketed figures indicate change on account less than car load in order

DEFENDANTS' EXHIBIT
No. 43
DATE Nov 26 1913

BIDS ON MATERIAL.

Article Reinforcing Bars
Job S.O. Still, #2, Claremont, NJ
Date March 1910

Name of Bidder	Net Price per 100# f.o.b. per City				Total Price	Size or Weight	Terms	Delivery	Remarks
	Plain 1" Bars	Deformed ½"	1" Bars	½"					
McCoy	1.95		2.15 f.o.b. Bklyn.						
J.K.Larkin									No 1" or ½" in stock
Eglestor	2.00	2.20	2.35	2.55					
Corrugated Bar Co.*	----	-----	1.79	1.89					Cut to length Johnston bar
Buffalo Steel Co.			1.79	1.89					Twisted bar
Carnegie	1.90	2.00	---	-----					16-18 ft. lengths
Ogden I & Steel Co.	2.05	2.15	2.15	2.25					Add 10% per 100 # if cut to length
* Note: Quantities covered by this order are as follows: 1" sq. 5838 lin. ft. - 19849# ½" " 343 " " 292#									

Approximate Quantities:- _____

_____

_____

Order No 7717 To _____ Placed by ____

Reason _____

DEFENDANTS' EXHIBIT
No. 143
DATE Nov. 26 1913
(Reed 35)

BIDS ON MATERIAL.

Article Reinforcing

Job WOOLWORTH

Date November, 191 0

Name of Bidder	Net Price per 100# straight	Threaded	Hooked	Total Price Bolts	Size or Weight	Terms f.o.b	Delivery.	Remarks
Pierson & Co.	1.375 1.56	1.90	No bid	No bid		N.Y. N.Y.	1 week 10 days	Iron Steel
Buffalo Steel Co.	1.46	No bid	No bid	No bid		N.Y.	10 days	Quotation only straight - bars
Pardee	No inquiry sent to Pardee							
Ogden I & Steel	1.60	1.73	1.73	1.73		Job	10 days	Steel
McCoy	1"-1.50 ¾"-1.55	28.00 ex. for threading	15.00 ex. for bending			NY	1 week	~~2 kegs 1" nuts~~ 9.60 1 keg ¾" nuts ~~4.90~~
Kiley	1.76	2.06	2.06	2.06		Bklyn.	4 weeks	
Carnegie	1.56	2.55	No bid	No bid		NY - Job		
Corrugated Bar Co.	1.61	No bid	No bid	No bid		NY	4 weeks	
Scovil I & S f.o.b. unless whole ord.	1.55 1.50	1.80	2.10	2.25		Job	2-4 weeks	1" ¾"
Failouts	1.46 1.56	Quotation recd. after order was placed				NY	3 weeks	rerolled new
Total weight:	115,000	14,500	4,000	900#				
~~Cost~~	~~1581.00~~	~~250.00~~	~~70.00~~	~~15.50~~				

McCoy 335.50 Job
351.00 NY

Approximate Quantities:-

?

Order No 10098 McCoy Placed by CSR

Reason Price & delvy. McCoy agreed to meet Ogden's price

DEFENDANTS' EXHIBIT
No. 143
DATE Nov. 26 - 1913
(Thiel 36)

BIDS ON MATERIAL.

Article 1" sq. Reinforcing rods, soft steel

Job _____

Date February 18th. 1910

Name of Bidder	Net Price per			Total Price	Size or Weight	Terms	Delivery.	Remarks
Ogden I & Steel Co	$2.05 per hundred							
Henry J. McCoy Co	1.90 per hundred f.o.b. our job							
Eggleston Bros.	1.90 per hundred f.o.b. our job							
Carnegie S Steel Co	1.90 per hundred f.o.b. our job							
Buffalo Steel Co.	1.84 per hundred 1.71 " "			less than car load lots - f.o.b. dock - 2 wks in car loads f.o.b. dock				
J.K.Larkin	2.25 per hundred f.o.b. our job							

Approximate Quantities:- _____

_____

_____

Order No _____ Placed by _____

Reason _____

DEFENDANTS' EXHIBIT
Rindfleisch No. 143
DATE Nov 26 1913
(Sheet 37)

BIDS ON MATERIAL.

Article Reinforcing Job Municipal Date 4/1/ 1910

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Delivery	Remarks
	1" sq	½"rd	1" rd					
Kiley	1.65	1.65	2.25			f.o.b. Job	2 weeks	Will deliver from stock meantime
Corrugated Bar Co.	1.76	----	----			f.o.b. Dock	2 weeks	
Ogden I & S.	2.00 1.70	2.05 1.75	2.50 -----			fob Job " "	Stock 2 wks.	
McCoy	1.70	1.85	----			" "	3-10 ds	1" changed to 1.65 ½" extra for t.
Topping	1.70	1.70	----			" "	2 weeks	
Carnegie	1.61 1.90	1.61 ----	---- 2.55			f.o.b. NY " Job	4 wks stock	
Buffalo Steel Co	1.61	----	----			1.0.b. NY	2 weeks	Re-rolled material

Approximate Quantities:- _____

_____

_____

Order No 7801 To _____ Placed by _____

Reason _____

DEFENDANTS EXHIBIT
Building Case No. 113
DATE Nov. 26, 1913
(Chart 38)

BIDS ON MATERIAL.

Article 1" sq. reinforcing

Job Municipal Bldg.

Date July 20th, 1910

Name of Bidder	Net Price per			Total Price letter	Size or Weight July 19	Terms	Delivery.	Remarks
	Stock lengths	spec. sizes	as per					
H.J.McCoy Co.	1 68				1" sq.	f.o.b. Job	By July 26th	Order given for 9,500 lin. ft.
Pierson & Co.	1.73	1.75			1" "	"	"	
Carnegie Steel Co.	1.90				1" "	"	IMMEDIATE	
Dagnon Cont. Co.		1.50			1" sq.	f.o.b. 48th St.	IMMEDIATE	Order given for 1500 ft. 15 ft. lnegths

Approximate Quantities:- 9,500 ft. 20 ft. (Stock lengths)

11 000 ft @ 2½ # 16 T

1,500 ft. 15 ft. lengths

Order No Dagnon Contr. Co. H.J.McCoy Co. Placed by H.B.Kelsey

Reason Dagnon & Co. best prices.

DEFENDANTS' EXHIBIT
Reinforcing Iron NO. 143
DATE Nov 26 1913
(Sheet 3)

BIDS ON MATERIAL.

Article Reinforcing Iron 1/2"
Job JERSEY YARD
Date August 3rd, 191 c

Name of Bidder	Net Price per ___		Total Price	Size or Weight	Terms	Delivery	Remarks
	½" sq.	½" twisted					
Scovill & S Co.	2.25	2.30				f.c.b. yard	cut to length
H.J.McCoy Co.	2.30	2.35				f.c.b. Jersey City	cut to length cartage to yard extra
Roe & Conover	2.45	2.80				f.c.b. yard	cannot cut to length their prices for stock lengths

Approximate Quantities:- 35 pcs. 16'n0" long
35 " 11' 0" "
15 " 10' 6" "
15 " 12' 0" "

X

Order No No order To _____ Placed by ____

Reason _____

DEFENDANTS' EXHIBIT
Building No. 123
DATE Nov 26 1913
(Sheet 40)

BIDS ON MATERIAL.

Article Reinforcing Rods
Job Municipal Bldg.
Date July 1, 1909 191

Name of Bidder	Net Price per ____			Total Price	Size or Weight	Terms	Deliv-ery.	Remarks
	⅜ & 1" per lb	1¼" per lb	1" Dia Rd 10' 6" thread					
Buffalo S Co.	1.41	1.51						Cannot furn-ish
D.C.Cautier & Co	No figure							
Vought & Williams	1.51	1.61	2.26					
P. O. Payer-weather	1.41	1.51	1.80					
Ogden I & Steel Co.	1.35	1.51	1.83					If order placed this week they will make pr. on sq. bare 1.35 - 100 lbs base
Buell & Mitchell			1.95					
A. J. Lock-wood								Figure of 1.65 covers the whole order
H.J.McCoy Co	1.46	1.56	1.75					
Carnegie Steel Co.	1.36	1.46						Cannot fig-ure threaded

Approximate Quantities:- _____

_____

_____

Order No_____ To _____ Placed by____

Reason _____

DEFENDANTS EXHIBIT (Bradford No. 142) DATE Nov 26 1913 (Sheet 41)

BIDS ON MATERIAL.

Article Reinforcing Rods

Job Municipal Bldg.

Date July 1, 1909 191

Name of Bidder	Net Price per			Total Price	Size or Weight	Terms	Delivery.	Remarks
Jones & Laughlin	1.41	1.51	2.16					
Crucible Steel Co.	1.41	1.51	No figure					
	156-$\frac{3}{4}$" ro. rods 5' 0" long - Thread on end with sq. nut.							
McCoy	2.50	per Cwt.				f.o.b. Job		
Buell & Mitchell	2.30	per Cwt.				f.o.b. Job dslvy. 10 ds. to 14 ds.		
Ogden I & S.	2.09	per Cwt.				f.o.b. Job dslvy. 10 days		
P.O.Fayer-weather	2.35 2.25	per Cwt. " "				dslvd. on Job f.o.b. New York		

Approximate Quantities:-

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS' EXHIBIT
Pardee No. 143
DATE Nov 26 1913
(Sheet 42)

BIDS ON MATERIAL -BRYANT

26,000 lin. ft. 1/4" Reinforcing Steel-plain sq. bars, random length

Firm	Stock Delivery Price per ft. delivered	Amount Total	Mill Delivery Price per ft. Delivered	Amount Total	Remarks
Kiley	2.40 cwt.	132.91	require 4 weeks mill delivery		
Vought & Williams	2.50 cwt.	138.45	2.35 cwt. on job.	130.14	
C. Pardee	1.85 cwt.	102.45			9/14/09 #6726 Delivery 7 days
Ogden & Wallace	2.50 cwt.	138.45	Requite two months delivery		
McCoy	2.65 cwt.	146.77			
Ogden I & S Company	Has nothing in stock under 5/16"				

Note:- The base on above is 1.80
Extra .70

2.50 regular price

Total weight of order 5538#

Order No. 6726 9/14/09 - C. Pardee

3T

DEFENDANTS' EXHIBIT
New York No. 143
DATE June 26 1913
(Sheet 47)

3/4" Tie Rods 5000 lin. ft.

Name of Bidder	Name of Salesman	Price Quoted	Remarks
H.J. McCoy Co. ***		1.87½	
Ogden I & S Co.		2.20 cwt.	
Scovil I & S.Co.	Scovil	2¢ per lb.	
J.K .Larkin		2¢ per lb.	
F.O. Fayerweather		No bid	
Lockwood		1.90 cwt.	
Kiley			

*** Order #6856 Octl 9th, 1909

3T

DEFENDANTS' EXHIBIT
Rindfleisch No. 143
DATE Nov 26 1913
(Sheet 4/5)

BIDS ON MATERIAL.

Article Reinforcing Iron, refined Job FARMERS L & T CO.

Date May 191~~8~~

Name of Bidder	Net Price per ____			Total Price	Size or Weight	Terms	Delivery.	Remarks
	3/4" x 4	3/8" x 4½	3/4 dia.		5/8" dia.			
Thos. W. Kiley & Co.	1.90	1.90	1.95	2.15				
M.W. Kellogg Co.	3/8" x 4 1.60	1.65		1.60				

Approximate Quantities:- 200' -¾" x 4"

5/28/08 118' 3/8 x 4½" 3600' 5/8" round, 6' lengths

900' ¾" round 4800 ft @ 17# 3T

Order No 5113 To Kellogg Placed by ____

Reason ____

DEFENDANTS' EXHIBIT No. 32 DATE Nov 2 1913 (Shuttuck)

BIDS ON MATERIAL.

Article REINFORCING Job SCOTIA DAM

Date Sept. 14th, 1912.

Name of Bidder	Net Price per 100# Mill		Stock	Total Price	Size or Weight	Terms	Delivery	Remarks
Corrugated Bar Co.	1.56		2.11	f.o.b. "	Schenectady "		10-12 wks 10 days	
Ogden Iron & Steel Co.			2.15 1.70	" "	" Bayonne		10 days 1 week	Threaded Plain
Buffalo Steel Co.	1.40			"	Buffalo		30-40 days shipment	Re-rolled not strictly as per specifi-
Faitoute I & S Co.			1.94	"	Schenectady		Shipment 3 wks	cations
Pardee Works		C.L. L.C.L.	1.60 1.70	" "	Perth Amboy "		Shipment 4 wks	

Approximate Quantities:- _____

_____

14881 Faitoute - Defprmed bars
Order No 14882 To Ogden - Threaded Placed by CSR

Reason _____

Defs Ex 144

DEFENDANTS' EXHIBIT
Windsor No. 144
DATE Nov 26 1913
(Sheet 1)

BIDS ON MISCELLANEOUS STEEL SHAPES

(ANGLES, BEAMS, PLATES, ETC.)
(PLAIN & FABRICATED)
1909-1913

Ordered by C.S.R.	1022 tons
Other bids	157 "
Total represented by attached bids...	1179 tons

Number of firms represented	31
Number of bids represented	124
Number of cases of identical bids	10
(Maximum per cent. variation at any one time in quotations)	203%
Average ~~maximum~~ variation in bids	52%

DEFENDANTS EXHIBIT
Kinkhaus No. 144
DATE Nov 26 1913
(Sheet 2)

BIDS ON MATERIAL

Article I Beams and Channels Job Morgan Building
Shoring Cylinders Date May 1913.

Name of Bidder	Net Price per 100			Total Price	Size or Weight	Terms	Delivery.	Remarks
	I Beams		Channels					
Ryerson & Sons	2.40		2.80	9" or 10"				
National Bridge	3.00		4.00	10"				
Carnegie Steel Co.	3.00		3.00	9' or 10"				
Dover Boiler	2.85		2.85	10"				

Approximate Quantities:- ~~20-18 I beams 55# 6' 0" long~~
93 -9" channels 13¼# - 1' 6" long } 4 tons

Order No 16093 To Jos. T. Ryerson & Sons Placed by C.S.R.
Reason Price and delivery

DEFENDANTS' EXHIBIT
No. 144
DATE June 26 1918

BIDS ON MATERIAL.

Article Steel Work Job Morgan Building Date 191 3

Name of Bidder	Net Price per 100			Total Price	Size or Weight	Terms	Delivery	Remarks
	C. E.		Coff. Angles					
Jas. E. Brooks	3.35		2.55					
Dover Boiler Wks	3.41	4	2.60	11				
Estimated	3.50		3.00					

Approximate Quantities:- 17 tons coffer dam angles
18 " cutting edges } 35 tons

Order No 16028 To Brooks & Co. Placed by

Reason Price and they agree to relieve us from order 15410

DEFENDANTS' EXHIBIT (Sundry) No. 144 DATE Dec. 26 1913 (Sheet 4)

BIDS ON MATERIAL.

Article Steelwork Job Guaranty Trust Date October, 1911 191

Name of Bidder	Net Price per 100			Total Price	Size or Weight	Terms	Delivery.	Remarks Estimated
	Coff. angles	Rect. C.E.						
Belmont	2.39	2.87½				F.O.B. Job		
Dover	2.15	2.85						
N.Y. Shipping Co.			36					
Brooks	2.90	3.90 stock 3.65 mill				F.O.B. Job		
Reeves	2.15	3.25						
Pollock 30	2.52	3.76						
Estimated	3.00	3.25						

Approximate Quantities:- Coff. Angles 8100# } 36 tons
Rect. C.E. 64,000# }

Order No 12800 To Dover Boiler works Placed by C.S.R

Reason Price

DEFENDANTS EXHIBIT
Identification No. 14 4.
DATE Nov 26 1913
(Sheet 5)

BIDS ON MATERIAL.

Article Steelwork

Job Guaranty Trust

Date Oct. 2, 1911 191

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Delivery.	Remarks
	22 pcs. 30" x 2' 0" pony shaft	12 pcs. 30"X51" x2'0" pony shaft	55000# Steel W.C. 70" dia	16800# Concrete forms 7' 0" dia.	28000# Steel Coff. 7' 0"	78000# Rect. C.E.	12000# Back Coff. Angles	
Bartlett Hayward Co.		Could not bid						
Reeves Bros.	9.75	10.25	3.25	2.55	2.10	3.25	2.15	
Hendrick Mfg Co.	5.50	5.25	3.40	3.50				
Dover Boiler Works	7.25	6.10						
Pollock Co.	9.90	9.27	4.16	7.85	2.47	3.76	2.52	
Brooks Co.						3.55 stock 3.25 Mill	2.80) 2.50)	large holes
							2.55) 2.55)	small holes.

Approximate Quantities:-

22 pcs. 30" x 2' 0" pony shaft	4400 lbs	$242.00
12 " 30" x 51"x 2' 0" pony shaft	3600 lbs.	138.50
		360.50

55000# Steel W.C 7' 0" dia.
16800# Concrete forms 7' 0" dia.
28000# Steel coff.7' 0" dia.
78000# Rect.cutting edges
120000# back coff. angles.

Order No _____ Placed by _____

Reason _____

DEFENDANTS EXHIBIT
Rudgers No. 146
DATE Nov 26 1913
(Sheet 6)

BIDS ON MATERIAL.

Article Cutting Edges

Job Equitable

Date Oct. 191 2.

Name of Bidder	Net Price per 100# Fabricated	Raw Material	Total Price	Size or Weight	Terms	Delivery.	Remarks
Belmont	3.40	1.95	Will allow cancellation of ½ channels and all plates		½ angles		Delivery-Begin Dec. 21
Dover	3.35	1.78	Will allow cancellation of part of order				"
Brooks	3.35	1.78	Will allow cancellation of one half of order				"

Approximate Quantities:- 115,000 # Stock

Order No _____ To- Brooks & Dover Placed by C.S.R

Reason Price practically same for all. Brooks & Dover slightly better price and better freinds of F. Co. & nearer N.Y. City.

DEFENDANTS' EXHIBIT
Kindfuss No. 144
DATE Nov 26 1913
(Hunt 7)

BIDS ON MATERIAL.

Article Steel Works Job ~~Western Union~~ Date Aug. 191 3.

Name of Bidder	Net Price per 100			Total Price	Size or Weight	Terms	Delivery.	Remarks
Jos.T. Ryerson & Son		Could not bid						
Reeves Bros.Co.		Could not bid						
Belmont Iron Wks		Could not bid						
Henderson Iron Wks..	4.50						4 weeks	
Dover Boiler Works	3.65						2 weeks	

Approximate Quantities:- 40000# cutting edges 20 tons

Order No 14709 To Dover Boiler Works Placed by C.S.R.

Reason

DEFENDANTS' EXHIBIT
Circuit Court No. 144
DATE Nov 26 1913
(Sheet 1)

BIDS ON MATERIAL.

Article Steel Work Job SCOTIA DAM Date July 191 2.

Name of Bidder	Net Price per 100 F.O.B. Schenectady			Total Price	Size or Weight	Terms	Delivery	Remarks
	Mill	Stock						
Dover Boiler	~~2.90~~ 2.80	~~3.65~~ 3.60	changed	3236.00				Mill-7 weeks Syock-2-3 weeks
Brooks	3.35	3.75		3739.00				7 weeks
Belmont	2.80	3.05		3125.00				Mill-6 weeks Stock-3 weeks
Riter Conley	Could not bid,			Too busy.				
BID	2.85			3181.00				

Approximate Quantities:- 39,300# *1912
72,300# *1913
111,600# Total

Order No 14588 To Dover Boiler Works Placed by C.S.R.

Reason Delivery Decided we wanted material more quickly than when we started to get bids.

DEFENDANTS' EXHIBIT
Rudloff No. 144
DATE Nov 26 1913

BIDS ON MATERIAL.

Article Air Lock Platforms

Job Jersey Yard

Date June 1912.

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Delivery	Remarks
Bogart Carlough	6.00			444.00	7400#	f.o.b. Paterson, N.J.		
Dover Boiler Works	6.00	4.50		444.00 333.00	7400# 7400#	f.o.b. New York, N.Y.		Made from detail drawings.
Jas. E. Brooks Co.	8.00	7.00	6.00	592.00	7400#	f.ob.	Jersey Yard	{Made with angles Made with ~~channels~~ {Made with changes suggested by Mr. Maurice

Approximate Quantities- 7400# curved angles and lugs for air lock platforms 4 tons

Order No 14598 To Dover Boiler Works Placed by C.S.B.

Reason

DEFENDANTS' EXHIBIT
Roudebush No. 144
DATE Nov 26 1913
(Sheet 10)

BIDS ON MATERIAL.

Article 15" 33# channel iron
Job Jersey Yard, for new wood boom for traveller
Date 8/17/12 191

Name of Bidder	Net Price per 110#			Total Price	Size or Weight	Terms	Delivery	Remarks
Carnegie Steel Co.	2.00	(not	punched)	52.80	15" 33# channel 40' long	f.o.b.	their shop	drilling holes at yard cost $4.50
Ryerson & Son	2.05	"	"	65.60	15"-40# channel 40' long	f.o.b.	their shop	Had no 33# channel in stock
Nat'l Bdge Wks.	Punched & delivered			79.00	15"-33# channel 40' long	f.o.b.	our yard	

Approximate Quantities:- wanted two channels 1 Tons

Order No 14689 To Carnegie Steel Co. Placed by J.C.Price

Reason Lowest bidder

DEFENDANTS' EXHIBIT
No. 144
DATE June 26 1913

BIDS ON MATERIAL.

Article Steel work Job Barr Bldg.St.Louis, Mo.

Date April 27, 1912.

Name of Bidder	Net Price per 100# f.o.b. cars Dover,N.J.		Total Price	Size or Weight	Terms	Delivery	Remarks
Dover Boiler Works		2.85	6' 6"	concrete forms	Mill	3 to 4	weeks
		3.00	6' 6"	"	"	Stock	
		2.85 3.00	Cutting edges "	with framces without frames			3 to 4 weeks.

Approximate Quantities:- _____

_____

_____

Order No _____ To _____ Placed by _____

Reason _____

DEFENDANTS EXHIBIT
Plaintiffs No. 144
DATE Nov 26 1913
(Sheet 12)

BIDS ON MATERIAL.

Article Steel work

Job Guaranty Trust

Date October 9th, 1911

Name of Bidder	Net Price per			Total Price	Size or Weight	Terms	Delivery.	Remarks
	Steel W.C.		Steel Coffer.					
Dover Boiler Works	3.95		2.10			f.o.b. N.Y.		
Hendrick Mfg. Co.	4.00		2.50			do.		
Reeves Bros.	3.25		2.10			do.		
Logan Iron Works	3.87= 10 days 3.75= 17 days					do.		
Coatsville	3.45		2.60			do.		
Bartlett Hayward	6.00		4.25			do.		
Pollock	3.35		2.18			do.		
Estimated	4.25		2.75					
Petroleum	3.10		2.20			do.	4-5 weeks	

Approximate Quantities:- ~~46540# Coff.~~ 23 Tons

Order No 12800 To ~~Dover Boiler Works~~ Placed by ~~G.S.~~ R

Reason Price

DEFENDANTS' EXHIBIT
No. 144
DATE Nov 26 1913
(Sheet 13)

BIDS ON MATERIAL.

Article Cofferdam angles Job Seamen's

B.P. 757 - 7 & 8 Date Sept . 13 1911

Name of Bidder	Net Price per lb.			Total Price	Size or Weight	Terms	Delivery.	Remarks
Jas.B.Brooks Co.		2.25					1/2 in ten days balance, 3 weeks	
Dover Boiler Works		2.70					/2 in ten days balance 3 weeks.	

Approximate Quantities:- 8356# Cofferdam angles } 2 tons.
24339# Cutting edges }

Order No _____ To Brooks Co. Placed by C.S.R.

Reason Price

DEFENDANTS EXHIBIT. Read from No. 114 DATE Nov 26 - 1913

BIDS ON MATERIAL.

Article Steel work

Job Seamen's Home

cutting edges

Date Sept. 12 1911

B.P. 757 -3-4 & 6

Name of Bidder	Net Price per 100#		Total Price	Size or Weight	Terms	Delivery.	Remarks
	10 dys	3 weeks					
Jas.E. Brooks Co.	3.30	2.97	changed to 3 cts.		flat		
Dover Boiler Wks.	~~3.38~~ 3.38	~~3.38~~ 3.38				1/2 in 10 dys. balance, 3 wks.	
Carnegie Steel Co.		Could not figure					
Bartlett Hayward Co.		Could not figure					
N.W. Ship Bldg. Co.		Did not want to bid.					
Nat'l Bdge Co.	3.95	3.95					
Nassau Steel & Iron Wks	4.32	4.32					
Dover Boiler Works were low bidders at first but called up and stated that they had made a mistake in figuring and raised their bid to $3.38 and in the mean time Brooks Co, lowered their bid to three cents flat, consequently making them the low bidder.							

Approximate Quantities:-

Order No 12511 to ~~Dover Boiler Wks~~ Brooks

O.M. Brown (Sgd)

Placed by C.S.R.

Reason Price

DEFENDANTS' EXHIBIT
Rindfuss No. 144
DATE Nov. 26 1913
(Adm't (5))

BIDS ON MATERIAL.

Article Ice Breaker Job Mohwak River Bdge. Date August 18th 1911.

Name of Bidder	Net Price per			Total Price	Size or Weight	Terms	Delivery	Remarks
Dover Boiler Works				180.00			3 weeks	f.o.b. Dover fgt. allowed to Schenectady
Hendrick Mfg. Co.				168.50			2½ weeks	f.o.b. Carbondale, fgt. allowed to Schenectady
Jas.E. Brooks Co.				197.00			6 weeks	f.o.b. Schenectady
Above bids include punching and countersinking, bolts and washers as called for on our B/P 825-10 dated ~~August 15th, 1911~~								
Weight 6835#								

Approximate Quantities:- 4-8" x 8" steel angles as follows:
1-41' 0"
~~2-30' 6"~~
1-31' 6"

3 tons

Order No 12372 To Hendrick Mfg. Co. Placed by L.L.B.

Reason Lowest bidder

DEFENDANTS EXHIBIT
Bradford No. 144
DATE Nov 26 1913
(Sheet 14)

BIDS ON MATERIAL.

Article Steel Work

Job Woolworth

Date April 1911

B/D#	P001 111	P001 78	700-83	P008-155 P008-156	P009- 50	P001-7 11-12- 13	700-73-700- 77-77d	700-80 76	700- 81	700- 82
Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms	Deliv- ery.	Remarks		
	2'H.S.	2' Oval	Special forms	Cut Con forms	Heavy W.C.	Cir C.E.	Rect C.E.	Rack Col. Cir Angles		Rect. Coff.
Weights	2022#	5600#	6880#	23000#	18300#	10567#	29590#	9070#	44300#	58900#
Dover			2.84	3.40	4.15		3.22	3.33	3.37	2.56
Brooks							2.87½	2.15		
Hendrick	5.10	5.30	3.10	P008-155 3.60 P008-156 3.50	5.00	700-79 6.10	3.50	2.75	700-80 3.50 700-81 3.00	2.80
Pollock			3.53	3.70	4.66	5.63	3.70	2.72	2.74	2.74
Belmont	6.75	6.75	2.59	3.19	3.67½	7.65	2.87½	2.15	2.65	2.20
Petroleum	6.00	5.50	2.80	3.40	3.25				2.25	2.60
Bartlette Hayward		$5.00 per 100# lump								
Reeves Brothers	11.93	10.28	2.74	3.15	3.50	6.96	3.44	2.36	2.24	2.23
Riter-Conley	5.74	8.26	3.20	3.37	4.29	5.61	3.29	2.58	2.95	2.82
N. Y. Ship Bldg.		$3.75 per 100#								
Heggie		$6555.25 lump price								

Approximate Quantities:-

Order#11543, 11569, 11570, 11544, 11549 } J.E. Brooks 38660#

Order#11545 Petroleum 18300#
" 11550 Riter Conley 10567#
" 11551 Hendrick 7622#
" 11594 Reeves Bros. 58900#

Order No _____ To Reeves Bros. 74180# Placed by C.S.R.

Reason Price

DEFENDANTS' EXHIBIT
No. 144
DATE Nov 26 1913

BIDS ON MATERIAL

Article Steel

Bucket Guides for H.S. Shafting

Job Woolworth

Date November 1910

Name of Bidder	Net Price per			Total Price	Size or Weight	Terms	Delivery	Remarks
Belmont Iron	3.15					f.o.b. Yard	1 week shipment	
Nat'l Bridge	2.95 3.45			225.00 263.00		f.o.b. Yard	4-5 weeks 1 week	

Approximate Quantities:- ~~85 pieces 10' 0" long~~
11/12/10 6 " 5' 0" " @ 4900#

Stood

Order No 9708 To ~~National Bridge~~ Placed by ~~O.S.R.~~

Reason Delivery

DEFENDANTS' EXHIBIT
No. [illegible]
DATE May 24 1913
(Sheet 8)

BIDS ON MATERIAL.

Article Steel Job Woolworth

Rect. Coffordam plates Date November 1910.

Name of Bidder	Net Price per 100#			Total Price	Size or Weight	Terms f.o.b.	Delivery	Remarks
Belmont	2.25			559. f.o.b.N.Y.		job	3 wks.	
Pollock	2.30			599. f.o.b.N.Y.		N.Y.	30 days	
Hendrick	2.23			580.50 f.o.b.N.Y.		N.Y.	4-5 weeks	
Dover	2.17			538.00 f.o.b.N.Y.		job	4 weeks	
Bartlett Hayward				770.00 N.Y.		Balto. frt. allowed		
Conlin	1.96					job.		Price received after order was placed

Approximate Quantities 26,000 pounds

11/28/10

Order No 9269 To Dover Placed by C.S.R.

Reason Price and reliability of delivery

DEFENDANTS' EXHIBIT
Rindfoos No. 144
DATE Nov 26 1913
(Sheet 19)

BIDS ON MATERIAL.

Article Steel Cutting Edges & Bent Angles
Job Bankers Trust
Date 5/20/10 191

Name of Bidder	Net Price per lb. B/P 664-20	B/P 664-23	664 Total	Total Price	Size or Weight	Terms	Delivery	Delivery Remarks
Brooks	945.00 888.00	- -	- -	3½¢per#		f.o.b.Wall& Nassau	Begin 1 wk. Mill	
Amer.Brdge			3600. 3200.					
McCoy								B/P 20 4 1/3¢ B/P 23 6.85¢
Belmont Iron								
Nat'l Bdge.	940.00 895.00	-1552.00 1500.00	2492.00 2395.00				2½ wks. 4-5 "	
Treadwell	829.00	830.00	1659.00			f.o.b. N.Y.	4-5 wks.	

Approximate Quantities:- Weight - 22400# - D'w'g 664-20
18600# " 664-23

2 to one

5/24/10

Order No 8323 To Brooks C.E.664-20 Placed by C.S.R.

Reason 8362 Treadwell - Bent angles 664-23

Reason-Lowest bidders

DEFENDANTS' EXHIBIT
Bridgers NO. 147
DATE Nov 26 1913
(Aug 20)

BIDS ON MATERIAL

Steel

Article Cofferdam angles

Job Bankers Trust

Date May 10 1910

Name of Bidder	Net Price per per Tot. revised 20820#	Total Price	Size or Weight	Terms	Delivery.	Remarks
Belmont Iron	476.00 2.69 560.00			f.o.b. Greenpoint Yard	as wanted	
Brooks	575.00 3.35			do.	3 wks.	
'Nat'l Bridge	592.00 3.35			do.	2 wks.	
Treadwell	619.50 3.50			f.o.b. N.Y.	5 or 6 wks.	
Partlett Hayward	3.65			f.o.b. Baltimore	2 wks.	

Approximate Quantities:- Weight 17700# Dwg.664-34

6/1/10

Dwg. revised and weight increased to 20820#

10 tons

Order No 8367 To Belmont Placed by C.S.R.

Reason

DEFENDANTS' EXHIBIT
Bridges No. 144
DATE Jun 26 1913
(Sheet 21)

MUNICIPAL BUILDING

STEEL WORK

Logan Iron Works	3-Bottom Doors @ $35.00	$210.00
Hendrick Mfg. Co.	3-5'0" Solid Horseshoe shaft @ $70.00	210.00
" " "	3-Connecting pieces between lock and Horseshoe shaft @ $20.00	60.00
Coayesville	3-36" Air Locks @ $650.00	1950.00
McCoy	6-Buckets @ $71.00	426.00
	TOTAL	$2856.00

Order #6285

July 14th, 1909.

Quotations for Steel Caissons & Concrete Forms

FIDELITY BUILDING (April 17,09, #5790

Name of Bidder	Location of Mill	Bid	Time	Remarks
Logan Iron Works Commercial & Clay Streets, Bklyn	Brooklyn, N.Y.	1539.00	3 wks.	
M.H. Treadwell Co. 140 Cedar Street, New York City	Lebanon, and Myerstown, Pa.	1379.00	May 15th	
John Turls Sons 26 Cortland Dt., New York City	Newburgh, N.Y.	1325.00	May 15th	
Ritor Conley Mfg. Co., 50 Church St New York City	Pittsburg, Pa.	1287.00		
Jones & McKee, 149 Broadway New Yokk City.		1240.00	4 wks.	
J.Q. Rankin, 25 West 42nd Street, New York City	Represents The Franklin Mach.& Boiler Co.of Bklyn.	1165.00	May 15th'09	#5190 awarded 7/6/09
Petroleum Iron Wks. Co., 50 Church St., N.Y.C.	Sharon, Pa.	1110.00	3 wks.	
Beull & Mitchell 100 Liberty Street, N.Y.C.		1015.00		
Mashek Eng. Co., 90 West St.,N.Y.C.	Niles, Ohio	1010.00 (Holes Punched) 865.00		
American Bridge Co.		No figure		

DEFENDANTS' EXHIBIT
Rudgers No. 144
DATE Nov 26 1913
(Sheet 22)

Quotations for Steel Caissons, Concrete Forms & Angles

BRYANT BUILDING

Name of Bidder	Location of Mill	Bid	Time	Remarks
M.H. Treadwell Co.	Lebanon, Pa. Myerstown, Pa.	2090.00	May 25th, if order is placed May 11th.	
Buell & Mitchell	Dover Boiler Works	2100.00	Start to deliver 2 wks. finish in 3 wks.	
Washok Engr. Co.		2121.00	Three to four wks. from date of receipt of order	
Hendrick Mfg. Co.	Carbondale, Pa.	2187.00	5 weeks.	
Cockburn Barrow & Machine Co.	Wking Chs. Angles	1521.75 1000.00.	5 to 6 wks. 1 wk.	
John Turls Sons	Newburgh, N.Y.	2650.00	No time	
J.Q. Rankin	Bklyn, N.Y.	2800.00	No time	
Jones & McKee		3028.00	No time.	

DEFENDANTS' EXHIBIT
Richford No. 144
DATE Nov 26 1913
(Nov 23)

DEFENDANTS' EXHIBIT
Bridgford No. 144
DATE Nov 26 1913

WOOLWORTH BUILDING

NOVEMBER 1910 (Sheet 24)

STEEL

Estimated Cost, 15,174.
Pur. Cost. 14,905.50
269.40.

		Dover Boiler Wks.	Bartlett Hayward	Hendrick Mfg. Co.	Pollock & Co.	Belmont Iron	Collin & Co.	Brooks	Weight	TOTAL COST
Working chambers	3.5	3.97	5.52	4.10	4.65	4.40			28500	1171.15
Cofferdams	2.5	2.72	4.98	2.85	2.60	2.40			151000	3624.00
C.E. Circular	4.0	6.75	5.32	5.70	5.00	4.65			38100	1771.65
Outside Concrete Forms	3.5	3.95	6.15	3.70	3.28	4.75	3.55		180900	6027.50
Inside Concrete Forms	5.0	5.36	5.30	4.875	6.81	4.75			20825	989.20
Cutting Edges Rectangular	3.5	3.08	3.14	3.375	5.00	3.00		2.80	8000	224.00
Short Sections 570. Shafting		6.02	22.75	5.70 5.57	10.48	14.00			7360 4200	422.52 234.00
Cofferdam Angles	3.5	2.50	3.13	2.625	2.72	2.60		2.25	14000	315.00
Connection Angles Inside Forms	5.0	4.62	5.32	5.70	4.90	4.65			2720	125.66
F.O.B.		Job.	N.Y.	N.Y.	N.Y.	Job		Job		
Delivery		as apecified	do.	do.	do.	do.		3-5 weeks.		

Petroleum Iron - too busy to bid.

DEFENDANTS' EXHIBIT (Ment 25)
Rudyard No. 144
DATE Nov 26 1913

Recapitulation of Bidders

Municipal Building

June 1909

Article	Brooks, J.E.	Coatesville Boiler Co.	Carnegie Steel Co.	East Jersey Pipe Co.	Hendrick Mfg. Co.	Jones & McKee	Pollock Co.	Petroleum Iron Wks. A	Riter Conley Co.	Treadwell Co.	Bartlett Hayward Co.
Steel Working Chambers	3.00		4.00	3.25	6.55	3.54	2.95		3.55	3.65	3.50
Cutting Edges for Rectangular Conc rete Caissons	2.70	4.60	3.30		3.13	2.67	2.51		2.50	3.40	2.80
Cutting Edges for Wd..Caissons	2.70	4.00	2.95		2.38	2.67	2.51		2.47	3.80	2.80
Cutting Edges for Cir. Con.Caissons	4.60	4.70			4.75	7.80	4.39		3.33	4.66	4.15
Steel Cofferdams		2.90		4.00	2.70	4.20	2.75	2.40	2.88	3.30	4.15
Angle Irons For Cir.Wood Caissons		4.50		4.00	4.50	2.67	3.71		3.33	3.80	3.20
Steel Forms for Con. Working Chamber		5.40		4.00	4.13 4.38	3.90	5.84	5.00	4.97	5.00 4.50	4.15
Steel Concrete Forms Outside		3.20		4.00	4.00	3.70 3.90	3.54	2.85	3.35	3.65	4.45
Angles Connect. Inside forms to cutting edges		6.00		4.00	4.00	2.67	4.38		3.96	3.80	4.15
Angles Connecting Con. Forms to Caissons		5.60		4.00	3.00	2.67	4.75	2.90	4.15	3.58	4.40
Horse shoe shafting		4.10		9.00	5.42	5.50	4.50	7.50	4.96	6.21	4.60
36" x 60" Oval Solid Collapsible		3.70 3.072		9.00 9.00	3.87 4.71	5.8 5.7	4.50 4.50	5.00 7.00	5.00 4.49	3.41 3.77	3.89 3.93
Two foot Oval shafting 36" x 60" 30" x 51"		6.00 6.00		9.00 9.00	5.00 5.25	5.70 5.70	8.07 8.07	5.50 5.50	6.43 7.61	(?)7.68 8.38	5.89(?) 6.10

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1[redacted] 1919

No. [redacted]

THE UNITED STATES OF AMERICA, APPELLANT,

vs.

UNITED STATES STEEL CORPORATION ET AL.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF NEW JERSEY.

VOLUME 7.

DEFENDANTS' EXHIBITS.

FILED MAY 12, 1919.

UNITED STATES

vs.

UNITED STATES STEEL CORPORATION.

DEFENDANTS' EXHIBITS, VOLUME VII.

Defendants' Exhibit	*Subject*	*Page*
No. 145	Lehigh Valley Railroad Company; statement of purchases of miscellaneous steel products 1911-1913, and steel rails 1901-1912	555
Nos. 146 to 182	Lehigh Valley Railroad Company; tabulations of inquiries and bids received, 1912-1913	559
No. 183	Philadelphia Company, Pittsburgh; statement of tonnage and cost of pipe purchased during 1909-1913	610

Defendants' Exhibit (Montgomery) No. 145.

December 15, 1913.

LEHIGH VALLEY RAILROAD PURCHASES FOR THE YEARS 1911, 1912 and 1913.

Steel Wheels (No.)	*1911*	*1912*	*1913*
Forged Steel Wheel Co.	5372	5636	2644
Carnegie Steel Co.	2366	1443	1376
Midvale Steel Co.	70	100	
Standard Steel Wks. Co.			18
Flues (No.)			
National Tube Co.	27146	32745	158008
Reading Iron Co.	215	2475	326
Parkesburg Iron Co.	446	280	215
Globe Seamless Steel T. Co.		1200	9000
Kirby Equipment Co.	375		
Pittsburgh Steel Products Co.	150		50
Billets, Steel (N. T.)			
Carnegie Steel Co.	91.55		14.9375
L. L. Driggs & Co.	83.22	230.785	66.66
Camden Forge Co.	7.84	210.394	104.7925
D. G. Gautier & Co.	112.855		60.585
Splices (G. T.)			
Lackawanna Steel Co.	1391.295	1836.	643.582
Carnegie Steel Co.	259.750	767.241	660.402
Cambria Steel Co.	1041.518	1588.839	26.741
Pennsylvania Steel Co.	147.045	989.373	
Light Sheets, Tank, Boiler & Fire Box (N. T.)			
Lukens Iron & Steel Co.	1132.868	2178.7515	1037.7635
Worth Brothers Co.	348.3425	110.325	413.374
Otis Steel Company	9.890	5.325	
Alan Wood Iron & Steel Co.	13.057	12.8525	17.3065

	1911	1912	1913
Amer. Sheet & Tin Plate Co.	15.9765	10.6675	3.5025
Ely & Williams (La Belle Iron Wks.)	6.2245	11.087	20.5085
John Wood Bros. & Co.	.1505	8.4965	23.8855
McCullough Iron Company		1.8585	6.805
J. T. Ryerson & Son		2.3515	2.388
Wheelock Lovejoy & Co. (West Penn St. Co.)			9.5215
Ogden & Wallace		4.7665	
Vought & Williams		1.7525	
Berger Mfg. Co.		.500	
Wheeling Corr. Co.		5.699	
J. B. Newkirk & Co.		.840	1.2355
American Rolling Mills	.3705		
Seneca Iron & Steel Co.	4.0135		
Wire & Wire Nail (N. T.)			
American Steel & Wire Co.	238.855	93.540	15.630
Wickwire Brothers	237.550	81.800	61.950
Weed & Co.	24.200		
Page Woven Wire Fence Co.	52.300	84.100	
Pittsburgh Steel Co.	38.600	2.600	14.300
J. A. Roebling Sons Co.	100.693	98.721	61.744
Std. Underground Cable Co.	12.6515		9.9885
Hazard Mfg. Company	7.971		.065
American Brass Company			6.8765
Western Electric Co.	23.527	30.0165	
Waclark Wire Co.		13.7435	9.823
Duplex Metal Co.		1.300	1.500
Jones & Laughlin			21.950
National Conduit Co.			.595
Fabricated Structural Steel (N. T.)			
Levering & Garrigues	5.3275	3.611	10.9795

	1911	*1912*	*1913*
American Bridge Co.	64.945	25.262	59.202
Guerber Engineering Co.	60.877	143.002	39.7285
Heddon Iron Construction Co.	15.7365	1.160	3.756
Vanderstucken Ewing Const. Co.		13.665	
McDermott Engineering Co.		102.705	
Ogden Iron & Steel Co.		32.8735	
Plain Structural Steel (N. T.)			
Jones & Laughlin	444.424	204.213	8.0745
Morris Wheeler & Co.	51.355	25.1785	119.354
Carnegie Steel Co.	109.7065	228.6545	42.5825
Phoenix Iron Company	24.982	37.685	135.2165
Bethlehem Steel Co.	1.809	11.579	12.2415
Faitoute Iron & Steel Co.		5.253	12.268
Z. C. Mayer & Co.		3.0465	19.7925
Ogden & Wallace		21.776	27.823
Illinois Steel Co.		20.549	12.9585
Bourne Fuller & Co.		141.078	8.258
J. T. Ryerson & Son		19.2125	440.7765
Lackawanna Steel Co.		46.132	
Scully Steel & Iron Co.		18.489	
J. Edward Ogden & Co.		14.184	27.266
H. T. Potts & Co.			69.236
Eastern Steel Co.			132.2025
Steel Bar (N. T.)			
W. H. Wallace & Co.	239.788	62.810	
Glasgow Iron Co.	46.055	218.460	72.310
Jones & Laughlin	410.1685	81.8095	54.701
Morris Wheeler & Co.	150.3695	470.5065	292.528
C. Pardee Works	.9255	65.9825	206.616
Carnegie Steel Co.	293.8435	740.720	210.854
Central Iron & Steel Co.		60.523	416.026
Hoopes & Townsend			27.685
Illinois Steel Co.			.693
Lackawanna Steel Co.			21.260
H. T. Potts & Co.		.549	72.4965

	1911	*1912*	*1913*
J. T. Ryerson & Son		50.1775	6.376
Camden Forge Co.			2.635
J. B. Newkirk		.280	
J. Edward Ogden		.525	
Car Axles (N. T.)			
Carnegie Steel Co.	88.6805	84.584	123.495
J. R. Johnson & Co.	10.835	67.320	64.815
Pittsburg Forge Co.	4.1625		14.390
Cambria Steel Co.			30.
Gould Coupler Co.	21.9255		
Tie Plates (N. T.)			
Elyria Iron & Steel Co.		2158.800	
Lackawanna Steel Co.		3411.390	4657.985
Dilworth Porter & Co.	3324.4855		
Sellers Mfg. Co.			89.7055

Lehigh Valley Railroad Rail Purchases for the Years 1901 to 1912 inclusive.

Rail (G. T.)

	Lackawanna Steel Co.	Cambria Steel Co.	Maryland Steel Co.	Bethlehem Steel Co.	Carnegie Stl. Co.	Penna. Steel Co.
1901	25692					230
1902	4712		6474			6372
1903		3149			11001	
1904					16859	
1905	13416				5264	
1906	6978	2625				
1907	5480		2362	2325		
1908				11130		
1909	5026			22527	2580	
1910	5250			24459		
1911	2625			11415	2625	2100
1912	12075	2465		36841	10500	10815

CHARTS TOO LARGE FOR FILMING

DEFENDANTS' EXHIBIT
Montgomery No. 156
DATE Nov 26 1913

(Sheet 2)

INSTRUCTIONS.

TO INSURE PROMPT PAYMENT FOLLOW INSTRUCTIONS GIVEN BELOW.

QUALITY:

All materials furnished must be the best of their respective kinds, and will be subject to our inspection and approval at any time within fifteen days after delivery; if rejected they will be held for disposition at your risk and expense.

QUANTITY:

The quantity of material ordered must not be exceeded without our permission in writing being first obtained.

DELIVERY:

Delivery must actually be effected within the time stated on the purchase order, failing which we reserve to ourselves the right to purchase elsewhere, and charge you with any loss incurred as a result thereof, unless deferred shipment be arranged for in writing.

SHIPMENTS:

All material must be forwarded by the particular route named, otherwise the difference in freight and extra cost of cartage will be charged to your account.

Shipments should be consigned to the LEHIGH VALLEY RAILROAD COMPANY, care of the party named in the order.

FREIGHT SHIPMENTS must be made via nearest junction with Lehigh Valley Railroad, and freight receipts so marked, and EXPRESS SHIPMENTS via United States Express.

NEW YORK SHIPMENTS to be made from piers Nos. 2 or 56, North River.

INVOICES:

Priced invoices in triplicate, on blanks furnished by this Company, giving the correct purchase order and requisition numbers, must be sent at the time of each shipment, accompanied by a copy of the manifests, or otherwise we cannot prevent delays in payment of your account.

DRAFTS:

No drafts for purchases made by this Company will be honored.

CARTAGE:

No charge will be allowed for packages or cartage unless agreed upon at the time of purchase.

SPECIAL:

We will deduct from shipper's bills DEMURRAGE ON CARLOAD SHIPMENTS which we are prevented unloading promptly for causes for which shipper is responsible.

F. L. BLENDINGER,
Purchasing Agent.

OMP

below, to be delivered f. o. b.
for October

quotation on any or all items
hereof
t. 26th

Purchasing Agent

discount Price	Per
any your bid. QUOTE ONE DISCOUNT	Discr. new code
Co.	Discr.
	"
pe Co.	"
e Co.	"
ble Co.	f.b. base
& Cable Co.	" "
	" "

John A Roebling	7 Aug. and Mfg. Co.	Wickwire Spencer	Amer. Steel & Wire
67 f.o.b.			70
19½ " " Pgh. f.o.b.			
60			
66⅔			
18.80	19.30	19.00	19.30
"	18.80	18.50	18.80
"	19.30	19.00	19.30

Terms net per Cutter

del

L.V.

½-10

terms as per Keller

EXHIBIT
NO. 56
Nov. 26 1912
Sheet 31

ls on the terms inserted in he
them within the time specified

D-920-152
1912

Defts Ex 156

DEFENDANTS' EXHIBIT
Montgomery No. 156
DATE Nov 26 1913

(Sheet 4)

INSTRUCTIONS.

TO INSURE PROMPT PAYMENT FOLLOW INSTRUCTIONS GIVEN BELOW.

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F. L. BLENDINGER,
Purchasing Agent.

4 Form P D 2—152

LEHIGH VALLEY RAILROAD COMPANY.

F L BLENDINGER,
Purchasing ~~Asst.~~ President

OFFICE OF THE PURCHASING AGENT,
143 LIBERTY STREET,
NEW YORK. 3/20/12

To Asst. to

Please oblige us by quoting your best terms for the material mentioned below, to be delivered f. o. b. **Points on line of Lehigh Valley R.R.** Your quotation to cover our requirement for **April**

If accepted you will be advised by **April** 5th **1912**

It must be understood that we reserve the right to accept or reject your quotation on any or all items

If you offer any discount or cash 10 days please so state in quoting.

Any orders sent you, will be subject to the conditions named on the back hereof

THIS TENDER MUST BE SIGNED and RETURNED to us not later than **March 26th**

Yours truly

THIS IS NOT AN ORDER

Asst to Vice President
Purchasing Agent

Estimated Monthly Consumption based on the past two years	DESCRIPTION	Price	Terms	
	WIRE			
5 Lbs	Annunciator		Lb., base	22
110 "	Annealed Iron		6 to 9 Disct. 10-16	75
60 "	Barbed	~~J. A. Roebling's Sons Co.~~ ~~Hazard Mfg. Co.~~	Lb.	
65 "	Bright Iron	Amer. Steel & Wire Co.	6-9 Disct. 10-16	75
350 "	Annealed Copper	Williamsport Wire Rope Co. Page Woven Wire Fence Co.	Lb., base	.16
1,200 "	Bare "	~~Consolidated Wire Co.~~	" "	.17
7,500 "	" " Hard Drawn		" "	.17
1 "	Fuse Different Common Amperes, Bunnell List		Disct	
4,500 "	Double Galvanized Iron Line, EBB		Disct. 6-9	12
2,500 "	" " " " BB		" "	"
50 "	Cotton Covered, Black Centre, Parafined Office ~~XXX~~		Disct.	.22
1,300 "	Galvanized Annealed Steel		6-9 Disct 10-12 10-16	70
Ft.	Incandescent Lamp, Silk		Disct., new code	67

DEFENDANTS' EXHIBIT
No. 157
Date Apr. 26. 1913
(Hunt)

Delivery Required

hereby undertake to supply the above materials on the terms inserted in the column for this purpose and also agree to deliver them within the time specified and to abide by the conditions printed on the back hereof.

Date

Address

DEFENDANTS' EXHIBIT
Montgomery No. 157
DATE Nov 26 1913

INSTRUCTIONS.

(Sheet 2)

TO INSURE PROMPT PAYMENT FOLLOW INSTRUCTIONS GIVEN BELOW.

QUALITY:

All materials furnished must be the best of their respective kinds, and will be subject to our inspection and approval at any time within fifteen days after delivery; if rejected they will be held for disposition at your risk and expense.

QUANTITY:

The quantity of material ordered must not be exceeded without our permission in writing being first obtained.

DELIVERY:

Delivery must actually be effected within the time stated on the purchase order, failing which we reserve to ourselves the right to purchase elsewhere, and charge you with any loss incurred as a result thereof, unless deferred shipment be arranged for in writing.

SHIPMENTS:

All material must be forwarded by the particular route named, otherwise the difference in freight and extra cost of cartage will be charged to your account.

Shipments should be consigned to the LEHIGH VALLEY RAILROAD COMPANY, care of the party named in the order.

FREIGHT SHIPMENTS must be made via nearest junction with Lehigh Valley Railroad, and freight receipts so marked, and EXPRESS SHIPMENTS via United States Express.

NEW YORK SHIPMENTS to be made from piers Nos. 2 or 56, North River.

INVOICES:

Priced invoices in triplicate, on blanks furnished by this Company, giving the correct purchase order and requisition numbers, must be sent at the time of each shipment, accompanied by a copy of the manifests, or otherwise we cannot prevent delays in payment of your account.

DRAFTS:

No drafts for purchases made by this Company will be honored.

CARTAGE:

No charge will be allowed for packages or cartage unless agreed upon at the time of purchase.

SPECIAL:

We will deduct from shipper's bills DEMURRAGE ON CARLOAD SHIPMENTS which we are prevented unloading promptly for causes for which shipper is responsible.

F. L. BLENDINGER,
Purchasing Agent.

(THIS FORM WILL COPY) No. Q 320-152

...LLEY RAILROAD COMPANY.

OFFICE OF THE PURCHASING AGENT,
...3 LIBERTY STREET,
NEW YORK. 3/20/12

...ur best terms for the material mentioned below, to be delivered f. o. b.
Your quotation to cover our requirement for April
April 5th 1912
...reserve the right to accept or reject your quotation on any or all items
...ssh 10 days please so state in quoting.
...bject to the conditions named on the back hereof
and RETURNED to us not later than March26th
Yours truly

THIS IS NOT AN ORDER

Purchasing Agent

DESCRIPTION	Price	Per	J. A. Roebling's Sons Co	Hazard Mfg. Co	Wickwire Spencer Steel Co
2 Cotton		Discl., new code	Inc. to 67 ✓		
		Discl.	17½ & 10 ✓		
red	J. A. Roebling's Sons Co.	"	60 ✓		
	Hazard Mfg. Co.	"	66⅔ ✓		
	Amer. Steel & Wire Co.				
	Williamsport Wire Rope Co.				
per, Double Braid	Page Woven Wire Fence Co.	Lb., base	.1705	.1655 ✓	.1650 ✓
Triple "		" "	.1655	.1605 ✓	.16 ✓
roof Copper		" "	.1705	.1655 ✓	.1650 ✓
			terms as per letter	del	F.O.B. Bayway N.J.
					½-10

DEFENDANTS' EXHIBIT
Montgomery No. 157
DATE Nov 26 1913
(Sheet 3)

...or undertake to supply the above materials on the terms inserted in the
also agree to deliver them within the time specified
...ted on the back hereof.

Address

Def's Ex. 157

DEFENDANTS' EXHIBIT
Montgomery No. 157
DATE Nov 26 1913

INSTRUCTIONS.

TO INSURE PROMPT PAYMENT FOLLOW INSTRUCTIONS GIVEN BELOW. (Sheet 4)

QUALITY:

All materials furnished must be the best of their respective kinds, and will be subject to our inspection and approval at any time within fifteen days after delivery; if rejected they will be held for disposition at your risk and expense.

QUANTITY:

The quantity of material ordered must not be exceeded without our permission in writing being first obtained.

DELIVERY:

Delivery must actually be effected within the time stated on the purchase order, failing which we reserve to ourselves the to purchase elsewhere, and charge you with any loss incurred as a result unless deferred shipment be arranged for in writing.

SHIPMENTS:

All material must be forwarded by the particular route named, otherwise the difference in freight and extra cost of cartage will be charged to your account.

Shipments should be consigned to the LEHIGH VALLEY RAILROAD COMPANY, care of the party named in the order.

FREIGHT SHIPMENTS must be made via nearest junction with Lehigh Valley Railroad, and freight receipts so marked, and EXPRESS SHIPMENTS via United States Express.

NEW YORK SHIPMENTS to be made from piers Nos. 2 or 56, North River.

INVOICES:

Priced invoices in triplicate, on blanks furnished by this Company, giving the correct purchase order and requisition numbers, must be sent at the time of each shipment, accompanied by a copy of the manifests, or otherwise we cannot prevent delays in payment of your account.

DRAFTS:

No drafts for purchases made by this Company will be honored.

CARTAGE:

No charge will be allowed for packages or cartage unless agreed upon at the time of purchase.

SPECIAL:

We will deduct from shipper's bills DEMURRAGE ON CARLOAD SHIPMENTS which we are prevented unloading promptly for causes for which shipper is responsible.

F. L. BLENDINGER,
Purchasing Agent.

ehigh Valley Railroad Company

PURCHASING DEPARTMENT.

ER
President.

143 LIBERTY STREET.

New York. 4/10/13.

Req. No. S 402-5

oblige us by quoting your best terms for the materials mentioned below, to be delivered
B. Sayre, Pa.
TENDER MUST BE SIGNED and RETURNED to us not later than 16th inst.
nt of its being accepted, a Purchase Order will be sent you, subject to the conditions named
ereof.

Yours truly,

any discount
days, please so
ng.

Ass't to Vice-President

(THIS FORM WILL COPY.)

DESCRIPTION	PRICE	QUOTE PRICE AS ENUMERATED IN THIS COLUMN		
			L. R. Johnson & Co.	Pittsburg Forge & Iron
NDARD AXLES FOR COACHES B P 4530-B, FITTED TH AXLE LIGHT.				✓
I 5092 - 4-1/4 x 8"			2.19	2.00
I 5089 x 9".			"	"
~~Carnegie Steel Co.~~ ~~Bethlehem Steel Co.~~ no ~~Cambria Steel Co.~~ not ~~Gould Coupler Co.~~ no ~~J.R. Johnson & Co.~~ ~~Otis Steel Co.~~ no ~~Pittsburg Forge & Iron Co.~~				✓
If you quote prices f. o. b. L. V. R.R. we will deduct from your l local rate of freight from point of shipment to our line.				
W SOON YOU CAN SHIP AND FROM WHAT POINT.			1 wk.	7-10 days
			del.	F.O.B. Pittsburg Pa.

DEFENDANTS' EXHIBIT
Montgomery No. 158
DATE Nov 28 1913

ired _____

_____ hereby undertake to supply the above materials on the term inserted in the
is purpose, and _____ also agree to deliver them within the time specified

_____

_____

Address _____

FLB

Buffalo 161

Bids on 623,000 Tie Plates, approximate weight 2,024 3/4 tons - all f.o.b. Buffalo:

26.20 Dilworth, Porter & Co.,	Pittsburg,	53048 ~~$55,579.38~~
Niagara Forged Steel Co.,	Buffalo.	157,536.00
26.20 Sellers Mfgr. Company, ✓	McCormick Bldg., Chicago	53048 ~~55,073.20~~
Spencer Otis Company,	Chicago,	59,883.10
26.45 The Railroad Supply Co., ✓	Chicago	52947.2 ~~54,870.72~~
Elyria Iron & Steel Co.,	Elyria, O.	58,717.75

Also asked -

Jones & Laughlin,	Pittsburg.
Hart Steel Company,	Elyria, O.
P. & M. Company,	Chicago Ill.
Federal Supply Co.,	Chicago, Ill.

who did not quote.

DEFENDANTS' EXHIBIT
Montgomery No. 161
DATE Nov 28 1913

H. S. M.

N.Y. 2/23/12

OK for Railroad Supply Co 26.15 ton
HSM recommend
2/27/12

Form P. D. 26 - 9-12 - 10M

THIS IS NOT AN ORDER. Please refer to No. Q 1122-24

Lehigh Valley Railroad Company

~~Camden Forge Co.~~
~~Bethlehem Steel Co.~~ PURCHASING DEPARTMENT.

F. L. BLENDINGER
Ass't to Vice-President. 143 LIBERTY STREET.

Req. No. S 1113-4.

~~Lackawanna Steel Co.~~ none
~~G. G. Cutler & Co.~~ no bid New York, 11/22/12
To L. L. Driggs & Co.
~~Carnegie Steel Co.~~ cannot bid

Please oblige us by quoting your best terms for the materials mentioned below, to be delivered
F. O. B. Sayre, Pa.
This TENDER MUST BE SIGNED and RETURNED to us not later than 28th inst.
and, in the event of its being accepted, a Purchase Order will be sent you, subject to the conditions named on the back thereof.

Yours truly

If you allow any discount for cash ten days, please so state in quoting.

Ass't to Vice President

(THIS FORM WILL COPY.)

QUANTITY REQUIRED	DESCRIPTION	PRICE	QUOTE PRICE AS ENUMERATED IN THIS COLUMN
	STEEL BILLETS? SPEC. M.P. 34-A		
15	Bars, 4-1/2 x 8" x 8'		Bro. ton 44.00
15	" 5 x 12" x 8'		
15	" 5 x 15" x 8'		
10	" 5-1/2 x 18" x 8'		

DEFENDANTS' EXHIBIT
Montgomery No. 162
DATE Nov. 28 1913

If you quote prices f. o. b. L. V. R.R. we will deduct from your bill local rate of freight from point of shipment to our line.

STATE HOW SOON YOU CAN SHIP AND FROM WHAT POINT. 4 wks deli

Delivery Required _____

_____ hereby undertake to supply the above materials on the term inserted in the column for this purpose, and _____ also agree to deliver them within the time specified

Date _____

Address _____

Camden Forge Co

THIS IS NOT AN ORDER. No. Q 765-22

Lehigh Valley Railroad Company

PURCHASING DEPARTMENT.

F. L. BLENDINGER
Ass't to Vice-President.

143 LIBERTY STREET,
New York. 7/5/12

No. AA 627-3

To ~~Lackawanna Steel Co.~~
~~Carnegie Steel Co.~~

Please oblige us by quoting your best terms for the materials mentioned below, to be delivered f. o. b.
Lehigh Valley

This TENDER MUST BE SIGNED and RETURNED to us not later than 10th inst.
and, in the event of its being accepted, a Purchase Order will be sent you, subject to the conditions named on the back thereof.

Yours truly,

Ass't to Vice-President.

(THIS FORM WILL COPY.)

QUANTITY REQUIRED	DESCRIPTION	PRICE	QUOTE PRICE AS ENUMERATED IN THIS COLUMN
2775	Prs. New Angle bars for 100 lb. A.R.A.-A rail. P. & R. Spec. Feb. 12, 1909		Lb.

DEFENDANTS' EXHIBIT
Montgomery No. 165
DATE Nov 26 1913

Frt. 9th 1.50 Penn Steel Co. 1.50 Steelton
Frt. 11th Carnegie 1.65 Bessemer
3600 Lackawana 1.65 S.V. Buffalo
Cambria 1.71 "
9150

If you quote prices f. o. b. L. V. R.R. we will deduct from your bill local rate of freight from point of shipment to our line.

STATE HOW SOON YOU CAN SHIP AND FROM WHAT POINT.

W. R. V. S.

Delivery Required _____

_____ hereby undertake to supply the above materials on the term inserted in the column for this purpose, and _____ also agree to deliver them within the time specified

Date _____

Address _____

Dept Ey 168 524

New York, N. Y., July 11th, 1913.

EBA 7/23 with blue print of tracing FES 1908 sheet No. 2 of exisiting structure of bridge 358A over NYC&HR RR east of Manchester, and asking us to secure bids.

Respectfully returned to

Mr. E. B. Ashby,
Chief Engineer.

With bids, as follows:

McClintic-Marshall	4.92¢
Penna. Steel Co.	4.29¢
Phoenix Bridge Co.	4.28¢
American Bridge Co.	4.90¢

Yours very truly,

Asst. to Vice-President.

MF

DEFENDANTS' EXHIBIT
Montgomery No. 168
DATE Nov 28 1913

Deft Ex 171

524

New York, N. Y., July 11th, 1913.

EBA 7/23 with blue print of tracing FES 1898 showing general data for designing new bridge No. 343 over NYC&H RR east of Geneva.

Respectfully returned to

Mr. E. B. Ashby,

Chief Engineer.

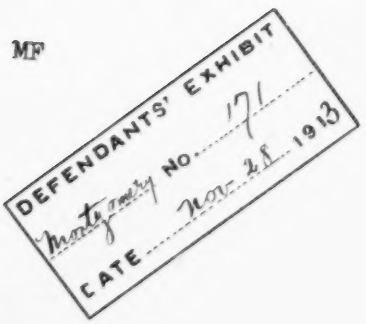
With bids, as follows:

King Bridge Company,	4.30¢
McClintic-Marshall	4.90¢
Penna. Steel Co.,	4.27¢
American Bridge Co.,	4.42¢
Phoenix Bridge Co.,	3.88¢

Yours very truly,

Asst. to Vice-President.

MF



Bridge #343

do	King Bridge Co
do	Mt. Clinton-Marshall
do	Pennsylvania Steel Co.
do	Phoenix Bridge Co
do	Canton Bridge Co.

524

~~American Bridge Co.~~
~~Phoenix Bridge Co.~~
~~King Bridge Co.~~
~~Penna. Steel Co.~~
~~McClintic-Marshall Const'r Co.~~

Talbot

June 25th, 1913.

Gentlemen:-

I hand you herewith blue print from tracing FES 1898 showing general data for designing new bridge No. 343 over N.Y.C. & H.R.RR, east of Geneva, N. Y. Also blue print sheet No. 2 showing plan of existing structure to be removed. Also schedule showing the conditions under which the work is to be done.

If you are in position to handle the work in accordance with the schedule, I shall be glad to have a bid from you.

To be considered we should have your bid by July 7th.

Yours very truly,

MF

Asst. to Vice-President.

Defts Ex 175

524 - file 54

New York, N. Y., Aug. 12th, 1913.

EBA 7/21 with blue prints of tracing FES 1923 showing detail for steel fence for Bridge 124 over Lehigh River at Glen Onoko, Pa. Asking us to secure bids.

Respectfully returned to

Mr. E. B. Ashby
Chief Engineer.

Please note bids, as follows:

Hedden Iron Construction Co.,	$ 881.00
Belmont Iron Works,	775.00 ✓
Weatherly Iron & Steel Co.,	1200.00

Also note that Levering & Garrigues and the Guerber Engineering Co. cannot quote.

Yours very truly,

Asst. to Vice-President.

MF

Steel Fence Bridge #124

| | | |

Diff Ex 176.

524

New York, N. Y., Dec. 26th, 1912

Mr. E. B. Ashby,
Chief Engineer.

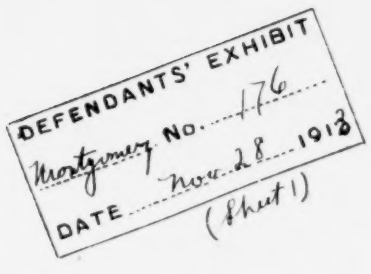
Dear Sir:-

Enclosed please find bid from the American Bridge Co. on proposed overhead highway bridge east of Barton, N.Y.

Will you kindly consider this bid in connection with bids sent you with my letter of Dec. 24th.

Yours very truly,

Asst. to Vice-President.



New York, N. Y., Dec. 24th, 1912

EBA 12/13 with blue prints of tracing FES 1753 showing general plan for designing the superstructure of proposed overhead highway bridge east of Barton, N. Y. Gives list of names and asks us to secure bids.

Respectfully returned to

Mr. E. B. Ashby,

Chief Engineer.

I hand you herewith bids, as follows:

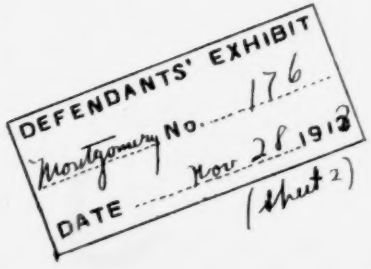
Phoenix Bridge Co.,	.0353 Deld.
King Bridge Co.,	.031 "
Owego Bridge Co.,	.0335 "
Penna. Steel Co.,	.039 "
Cambria Steel Co.,	.0275 "
McClintic-Marshall Const Co.,	.0331 "
Levering & Garrigues,	.0288 "
Guerber Engineering Co.,	.031 "

Yours very truly.

Amer. Br. Co. .0275 ✓

Asst. to Vice-President.

MF



RWS

American Bridge Co. .0353 lb
~~Phoenix Bridge Co.~~ .031 lb
~~King Bridge Co.~~ .0335 lb.
~~Owego Bridge Co.~~ .039 lb.
~~Penna. Steel Co.~~ .0275 lb.
~~Cambria Steel Co.~~ .0331 lb.
~~McClintic-Marshall~~ .0288 lb.
~~Levering & Garrigues~~ .031 lb.
~~Guerber Engr. Co.~~

Dec. 14th, 1912.

Gentlemen:-

I hand you herewith blue print from tracing FES 1753 showing general plan for designing the superstructure of proposed overhead highway bridge east of Barton, N. Y. Also a schedule showing the conditions under which the work is to be done.

If you are in position to figure on this I shall be glad to have a quotation from you.

To be considered we should have your figures by Tuesday, 24th instant.

Yours very truly,

Asst. to Vice-President.

DEFENDANTS' EXHIBIT
Montgomery NO. 176
DATE Nov 28 1912
(Sheet 3)

Dyl. E. 177

New York, N. Y., July 24th, 1912

E.B.A. June 29th with blue print showing general data for superstructure of bridge #124 over Lehigh River at Glen Onoko, Pa., giving names of parties whom he recommends be asked to bid. JAM 7/1 to do so.

Respectfully returned to

Mr. E. B. Ashby,

Chief Engineer.

As directed by Mr. Middleton we asked bids on Bridge #124 from the parties named in your letter of June 20th and have received the following, which I enclose herewith:

Phoenix Bridge Company,	3.04¢ per lb.
Penna. Steel Company,	3.35¢ "
King Bridge Company,	3.50¢ "
McClintic-Marshall Const.Co.,	3.45¢ "
American Bridge Company,	3.48¢ "

All delivered.

DEFENDANTS' EXHIBIT
Montgomery NO. 177
DATE Nov 28 1913

Yours very truly,

Asst. to Vice-President.

MF

CHARTS TOO LARGE FOR FILMING

Defendants' Exhibit 183

DEFENDANTS' EXHIBIT
No. 183
DATE December 17, 1913

Philadelphia Company

Pittsburgh, Pa.

JOSEPH F GUFFEY,
GENERAL MANAGER.

December 17, 1913.

D. A. Reed, Esq.,
U. S. Steel Corporation
71 Broadway, New York.

Dear Sir:

I enclose herewith report showing tonnage, with total cost of pipe, purchased from the different pipe mills during the years 1909, 1910, 1911, 1912, and 1913 up to November 1st.

I sincerely hope you will be able to submit this without the necessity of my appearing again on the witness stand.

If I had known you were going to throw all th s extra work of assembling and compiling this data on me I doubt if I would have consented to be a witness.

Yours very truly,

Joseph F. Guffey

PHILADELPHIA COMPANY
PITTSBURGH, PA.

PAGE

To

DATE

DEFENDANTS' EXHIBIT
Griffey No. 183
DATE December 17 1913

(Sheet 2)

Year 1909

Company	%	Tonnage	Amount Paid.	%
A. M. Byers Company.	2.65	303	17,048.43	2.71
Longmeade Iron Co.	.37	42	1,912.87	.30
Monongahela Tube Co.	3.72	425	22,907.51	3.65
National Tube Company,	36.86	4,209	244,491.42	38.92
South Chester Tube Co.	15.82	1,806	101,229.69	16.11
Spang, Chalfant & Co. Inc.	18.42	2,103	114,872.17	18.29
Susqushanna Iron Co.	2.08	237	12,526.19	1.99
Wheeling Steel & Iron Co.	11.66	1,331	62,111.68	9.89
Youngstown Sheet & Tube Co.	8.42	961	51,140 36	8.14
Total	100.	11,417 11,415	628.240.32 628,240.43	100.

PHILADELPHIA COMPANY
PITTSBURGH, PA.

PAGE

TO

DATE

DEFENDANTS' EXHIBIT
Guffey No. 183
DATE December 17 1913

(Sheet 3)

Year 1910.

Company	%	Tonnage	Amount Paid.	%
Booth & Flinn (National Tube Co)	8.643	1,236	$ 54,193.70	7.061
A. M. Byers Company,	10.433	1,492	81,736.60	10.649
Mark Manufacturing Co.	9.999	1,430	72,134.83	9.398
Monongahela Tube Company,	.811	116	6,268.21	.817
National Tube Company,	10.804	1,545	79,608.70	10.372
Oil Well Supply Company, (Reading Iron Co)	.007	1	74.47	.009
South Chester Tube Co.	25.299	3,618	219,879.71	28.648
Wheeling Steel & Iron Co.	4.426	633	30,611.17	3.988
Youngstown Sheet & Tube Co.	29.578	4,230	223,028.93	29.058
Total	100.0	14.301 14,291	$767,536.32	100.0

PHILADELPHIA COMPANY
PITTSBURGH, PA

PAGE

To

DATE

DEFENDANTS' EXHIBIT
Griffey No. 183
DATE December 17 1913

(Sheet 4)

Year 1911.

Company	%	Tonnage	Amount Paid	%
A. M. Byers Company	11.996	1,505	$ 73,307.11	11.333
Mark Manufacturing Co.	2.072	260	12,633.58	1.953
Monongahela Tube Co.	.781	98	5,151.20	.796
National Tube Co.	11.318	1,420	73,276.00	11.328
South Chester Tube Co.	31.516	3,954	219,774.80	33.975
Spang, Chalfant & Co., Inc.	11.494	1,442	74,362.95	11.496
Wheeling Steel & Iron Co.	19.409	2,435	115,532.20	17.860
Youngstown Sheet & Tube Co.	11.414	1,432	72,827.76	11.259
	100.	12.546		100.0
Total,		12,536	$646,865.60	

PHILADELPHIA COMPANY
Pittsburgh, Pa.

DEFENDANTS' EXHIBIT
Gaffey No. 183
DATE December 17 1913
(Sheet 3)

Year 1912

Company	%	Tonnage	Amount Paid	%
A. M. Byers Company	4.44	2,824	$ 54,205.25	4.294
Dalzell Iron Works	3.08	788	29,262.32	2.32
Mark Manufacturing Co.	7.587	2,869	75,887.88	6.013
Monongahela Tube Co.	.859	240	8,076.52	.719
National Tube Company.	18.519	5,900	244,762.27	19.390
Republic Iron & Steel Co.	1.687	438	24,855.91	1.970
South Chester Tube Co.	11.111	4,618	260,805.50	20.662
Spang, Chalfant & Co. Inc.	12.125	5,092	110,497.25	8.754
Wheeling Steel & Iron Works.	7.393	2,896	82,250.18	6.516
Youngstown Sheet & Tube Co.	28.046	7,122	320,949.34	25.432
Total	100.0	25,375	$1,239,813.86	100.0

PHILADELPHIA COMPANY
PITTSBURGH, PA.

PAGE To DATE

DEFENDANTS' EXHIBIT
Griffen No. 183
DATE December 17 1913

(Sheet 6)

1913 up to November 1st.

Company	%	Tonnage	Amt. Paid	%
A. M. Byers Company	30.331	4,004	$201,638.12	30.695
Mark Manufacturing Co.	4.03	532	33,961.81	5.170
Monongahela Tube Co.	.606	80	4,246.08	.646
National Tube Co.	.356	47	2,721.06	.414
Reading Iron Works.	.205	27	2,101.65	.320
South Chester Tube Co.	8.719	1,151	74,766.88	11.382
Spang-Chalfant Co., Inc.,	16.355	2,159	109,627.22	16.688
Youngstown Sheet & Tube Co.	39.398	5,201	227,849.28	34.685
Total	100.0	13,201	$656,912.10	1000

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, [redacted] 1919

No. [redacted]

THE UNITED STATES OF AMERICA, APPELLANT,

vs.

UNITED STATES STEEL CORPORATION ET AL.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF NEW JERSEY.

VOLUME 8.

DEFENDANTS' EXHIBITS.

FILED MAY 12, 1916.

UNITED STATES

vs.

UNITED STATES STEEL CORPORATION.

DEFENDANTS' EXHIBITS,

VOLUME VIII.

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No. 186.	Statement of production, cost and practice at Steel Corporation blast furnaces, July, 1901	619
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Defendants' Exhibit	*Subject*	*Page*
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No. 198.	Chart showing relative price and purchasing power of Bessemer steel rails	657

Defendants' Exhibit	*Subject*	*Page*
No. 199.	Chart showing relative price and purchasing power of steel beams	658
No. 200.	Chart showing relative price and purchasing power of tank plate	659
No. 201.	Chart showing relative price and purchasing power of steel bars	660
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D.J. & E. 184
DEFENDANTS' EXHIBIT
Forcegater No. 184
DATE Feb. 2, 1914

RELATIVE POSITION IN THE TRADE OF STEEL CORPORATION AND OTHER MANUFACTURERS

IN THE PRODUCTION OF WELDED AND SEAMLESS PIPE AND TUBES

IN THE YEARS 1901 AND 1911

The following figures in respect of Tonnage output are based on estimated normal annual productive capacity, there being no statistics available showing the actual production of manufacturers other than the Steel Corporation.

	U. S. STEEL CORPORATION		ALL OTHER MANUFACTURERS	
	1901	1911	1901	1911
WELDED PIPE AND TUBES				
Number of Concerns in the Business	1	1	17	22
Number of Pipe Furnaces Operated	71	48	53	33
Estimated Annual Capacity, (G. Tons)	985,150	1,340,000	749,068	2,321,614
Percentage of Total in United States	56.8%	36.6%	43.2%	63.4%
SEAMLESS TUBES				
Number of Concerns in the Business	1	1	1	6
Estimated Annual Capacity, (G. Tons)	33,800	68,200	7,000	59,500
Percentage of Total in United States	82.8%	53.4%	17.2%	46.6%

NOTE:- Above figures of pipe and tube capacities do not include the production of cast iron pipe which to a considerable extent is competitive with welded pipe. The Steel Corporation produces no steel cast pipe.

January 28th, 1914.

(From page 32 of Monograph 52, U. S. Geological Survey, entitled "The Geology of the Lake Superior Region")

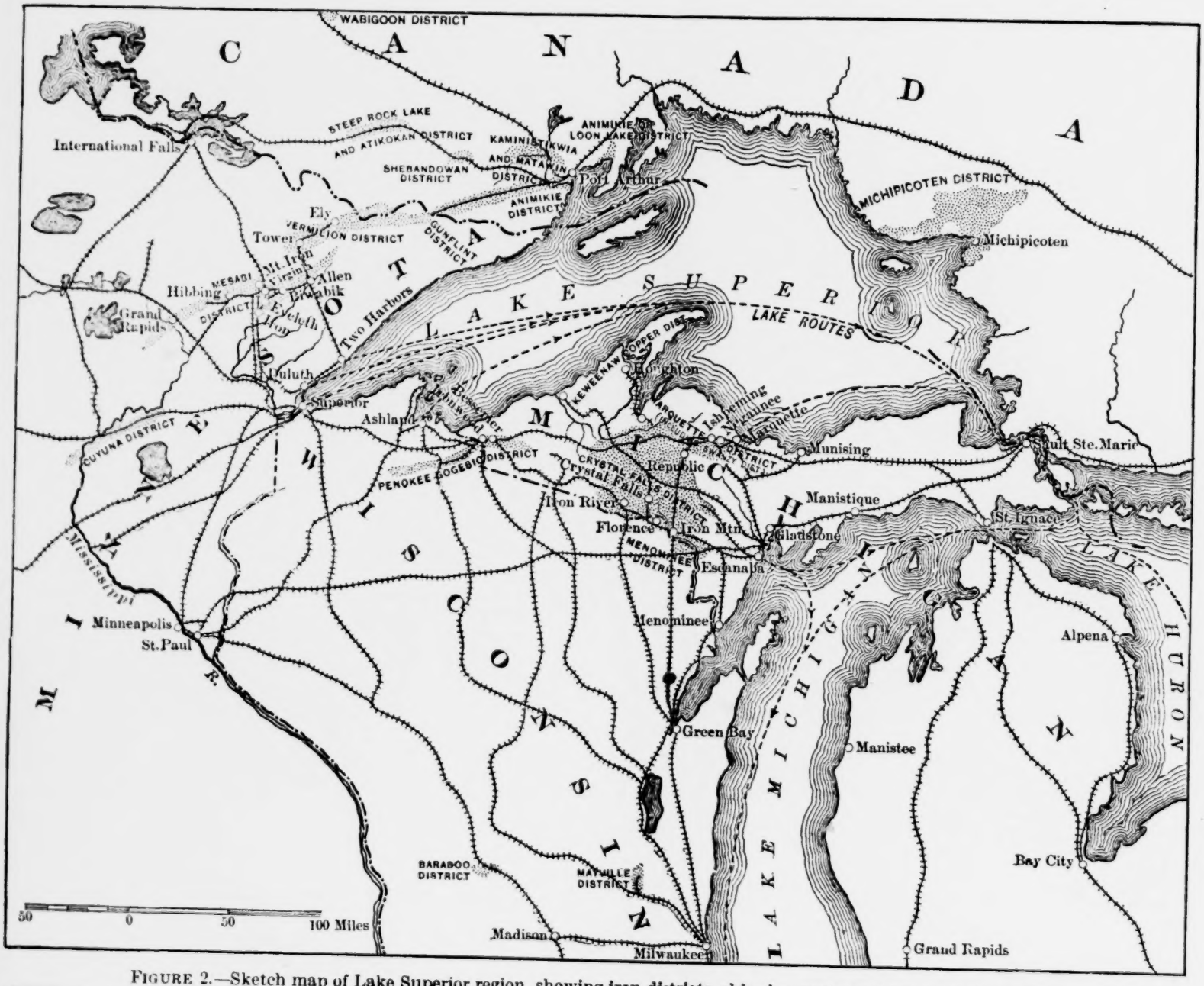

FIGURE 2.—Sketch map of Lake Superior region, showing iron districts, shipping ports, and transportation lines.

Defendants' Exhibit No. 188.

February 10, 1914.

(Extract from page 129 of Bulletin 400, United States Geological Survey.)

Therefore, to establish a general formula for calculating the ore content for a certain ore bed in a given area, let—

L=length of outcrop;

T=average thickness of ore seam at outcrop;

t=minimum thickness to which ore may be worked;

D=distance from outcrop at which thickness of ore seam becomes t, or maximum distance from the outcrop practicable to mine the ore;

R=percentage of recoverable ore;

Fe=average percentage of metallic iron in hard ore;

G=specific gravity of ore based on value of Fe;

N=cubic feet per long ton of ore, based on value of G.

The total tonnage in long tons, therefore, is

$$\frac{\frac{1}{2}\ (T+t)\times L\times D\times R}{N}$$

Defendants' Exhibit No. 189
February 10, 1914

(Extract from page 132 of Bulletin 400, United States Geological Survey)

ESTIMATED AVAILABLE RED-ORE RESERVES IN RED MOUNTAIN AND SHADES VALLEY [a]

Subdivision [b]	L.	D.	T.	t.	$\frac{T+t}{2}$.	R.	Fe.	N.	Quantity of ore
	Feet	Feet	Feet	Feet	Feet	Per cent	Per cent		Long tons
1	11,000	3,400	4.25	4	4.12	90	36	10.5	13,207,500
2	15,000	3,500	4.5	4	4.25	90	33.7	10.7	18,724,500
3	18,200	3,100	4	4	4	90	35.8	10.5	19,333,800
4	6,800	3,700	3.5	3	3.25	90	36	10.5	7,008,700
5	15,000	3,500	7	5	6	85	35.8	10.5	25,500,000
6	18,200	3,100	8	5	6.5	85	34.7	10.6	29,404,900
7	6,800	3,700	10	6.5	8.25	85	32	10.8	15,969,900
8	14,500	5,300	10	6.5	8.25	85	35	10.6	30,840,000
9	5,000	5,300	12	7	9.5	85	36	10.5	20,855,500
10	11,700	6,000	9.5	7	8.25	85	35	10.6	46,441,000
11	14,200	6,000	9	5.5	7.25	90	36.9	10.4	53,455,000
12	15,500	5,200	10.75	7	8.87	90	35	10.6	60,698,500
13	10,000	5,800	8.5	4.7	6.6	90	35.4	10.5	32,810,700
14	5,200	3,400	5.5	4	4.75	80	33	10.8	6,220,700
Total	.....	.....	.....	.....	.....	.....	.....	.....	400,470,700
Production of Birmingham district, 1880 to 1908, inclusive	.....	.....	.....	.....	.....	.....	.....	.....	42,000,000
Total red ore at present available	.....	.....	.....	.....	.....	.....	.....	.....	358,470,700

a For explanation of column headings see p. 129

[illegible] upper bench.—Continued

Defendants' Exhibit No. 190.

February 10, 1914.

(Extract from page 100 of "The Iron Trade Review," January 1, 1914.)

TABLE I.

APPROXIMATE SHIPMENTS BY RANGES.

(All-Rail Shipments Estimated for 1913.)

	1913 gross tons.	1912 gross tons.
Mesabi range	33,788,617	32,047,409
Vermillion range	1,662,918	1,844,981
Cuyuna range	743,648	305,111
Total Minn. ship.	36,195,183	34,197,501
Gogebic range	5,500,000	5,006,266
Menominee range	4,000,000	4,711,440
Marquette range	4,200,000	4,262,308
Miscellaneous	161,064	104,031
Total	50,056,247	48,221,546

Defendants' Exhibit No. 191.

February 10, 1914.

STATEMENT FURNISHED BY ELBERT H. GARY UNDER STIPULATION CONTAINED IN VOL. XII, P. 4916 OF THE RECORD.

Classification of common and preferred stockholders of United States Steel Corporation—Preferred as of August 30, 1911—Common as of November 17, 1911.

Holders of	1	Share	2,994	Common	7,870	Preferred
"	2	Shares	2,086	"	5,054	"
"	3	"	1,287	"	3,405	"
"	4	"	604	"	2,298	"
"	5	"	2,440	"	5,415	"
"	6 to 10	"	6,989	"	13,316	"
"	11 to 25	"	6,399	"	11,837	"
"	26 to 50	"	4,786	"	7,648	"
"	51 to 100	"	3,478	"	5,356	"
"	101 to 500	"	2,673	"	3,962	"
"	501 to 1000	"	426	"	470	"
"	Over 1000	"	1,068	"	482	"
			35,230		65,113	

NUMBER OF STOCKHOLDERS IN 1913.

Number of Holders of Common Stock of Record on the date of Payment of the Thirty-seventh Dividend on the Common Stock March 30th, 1913 39,679

Number of Holders of Preferred Stock of Record on the date of Payment of the Forty-seventh Dividend on the Preferred Stock Feb. 27th, 1913 74,626

NOTE—In addition to the above there are approximately 50,000 beneficial owners whose stock is held *en bloc* by bankers and brokers, chiefly foreign. The exact figures covering these holdings can not be obtained.

PAYMENTS FOR WAGES, TAXES AND DIVIDENDS.

Amounts paid by the Corporation
from
April 1, 1901, to December 31, 1912.

To employees in Wages	$1,659,944,622
For Taxes—To States, Counties, Municipalities, and the United States Government	$ 66,579,789*
For Interest on Corporation Bonds and on Bonds and Interest Bearing Debt of the Subsidiary Companies	$ 337,109,448*
For Dividends on Steel Corporation Stock	495,196,490
Total Profits Distributed	$ 832,305,938

*The amounts included in these totals for the nine months in 1901 are partly estimated.

January 20, 1914.

The above is a correct statement.

E. H. GARY.

Feby. 9, 1914.

Defendants' Exhibit (Haines) No. 192.

February 10, 1914.

	1908	*1909*	*1910*	*1911*	*1912*	*1913*
Plates: Carnegie						409
" Lukens	807	785	815	799	575	395
" Cambria						414
" Worth			151	80		58
" Central			4	56	35	71
" Jones & Laughlin						78
" Checkered	21	5	5	20	26	40
" Perforated	7	11	23	15	15	18
" Amer. Sheet & Tin Plate Co.				113	128	298
Sheets: Amer. Sheet & Tin Plate Co.	209	494	510	490	552	341
" Wood	6	17	20		204	224
	1050	1312	1528	1573	1535	2346
Shafting: Cambria	82	58	18	82	110	133
" Pardee		62	94	51	44	39
" Jones & Laughlin						119
" Union Drawn	49	31	8	36	71	30
" Cumberland		53	220	143	173	92
	131	204	340	312	398	413
Shapes: Carnegie Stores		8	8	1	77	11
" Mill	165	413	388	611	575	1281
" Cambria	4	2	12	27		3
" Jones & Laughlin						129
" Phoenix	140	125	466	530	390	81
" Eastern					114	
" Bethlehem	25	16	15	12	139	20
" Stores			8	4	21	50
	334	564	897	1185	1316	1575

	1908	*1909*	*1910*	*1911*	*1912*	*1913*
Bars: Cambria	118	209	520	343	286	438
" Carnegie—Stores					7	24
" " —Mill	63	91	207	83	128	192
" Phila. S. & F. Co.				42	28	27
" Jones & Laughlin						
" Potts					7	12
" American Bridge Co.						205
" Knight	19	37	26	20		
" Morris Wheeler Co.						4
	200	337	753	488	456	902
Plates and Sheets	1050	1312	1528	1573	1535	2346
Shafting	131	204	340	312	398	413
Shapes	334	564	897	1185	1316	1575
	1715	2407	3518	3558	4705	5236
	1584	2203	3178	3246	4307	4823
Carnegie: Bars	63	91	207	83	135	438
Plates & Sheets						409
Shafting						
Shapes	165	421	396	612	652	1292
Amer. S. & T. P. Co.	209	494	510	603	680	639
Amer. Bridge Co.						205
	437	1006	1113	1298	1467	3013
	25%	42%	32%	37%	31%	58%
	27%	45%	35%	40%	34%	62%

APH—O
2—9—1914.

DEFENDANTS' EXHIBIT
Smith No. 193 (1)
DATE February 10, 1914

Relative Prices of Commodities in the United States 1895-1900 = Computed from Aldrich and Bureau of Labor Prices.

1862-1879 Gold

Year	Aldrich (1) -Gold- Base 1860=100	Computed Base 1895-1900=100	Year	Aldrich (1) -Gold- Base 1860=100	Bureau of Labor (2) Base 1890-99=100	Computed Base 1895-1900=100	Year	Bureau of Labor Base 1890-99=100	Co...
1840	116.8	146.51	1870	117.3		147.20	1900	110.5	
1841	115.8	145.31	1871	122.9		154.22	1901	108.5	
1842	107.8	135.26	1872	127.2		159.62	1902	112.9	
1843	101.5	127.37	1873	122.0		153.09	1903	113.6	
1844	101.9	127.87	1874	119.4		149.83	1904	113.0	
1845	102.8	129.00	1875	113.4		142.30	1905	105.9	
1846	106.4	133.51	1876	104.8		131.51	1906	122.5	
1847	106.5	133.63	1877	104.4		131.01	1907	129.5	
1848	101.4	127.24	1878	99.9		125.36	1908	122.8	
1849	98.7	123.85	1879	96.6		121.21	1909	126.5	
1850	102.3	128.37	1880	106.9		134.13	1910	131.6	
1851	105.9	132.89	1881	105.7		132.63	1911	129.3	
1852	102.7	128.88	1882	108.5		136.15	1912	133.6	
1853	109.1	136.90	1883	106.		133.01			
1854	112.9	141.68	1884	99.4		124.73			
1855	113.1	141.92	1885	93.0		116.70			
1856	113.2	142.05	1886	91.9		115.32			

(1) Aldrich Report Table 29

(2) Bureau of La...

Ex 193.

DEFENDANTS' EXHIBIT
Smith No. 193 (2)
DATE February 10 1914

Relative Prices of Commodities in England 1895-1900 = 100 Table 2
Compiled from Sauerbecks Index Prices of 56 Commodities, 45 Articles.

	Sauerbeck Base 1867-77=100	Computed Base 1895-1900=100		Sauerbeck Base 1867-77=100	Computed Base 1895-1900=100		Sauerbeck Base 1867-77=100	Computed Base 1895-1900=100
1846	89	136.23	1877	94	143.89	1908	73	111.74
1847	95	145.41	1878	87	133.16	1909	74	113.26
1848	78	119.39	1879	83	127.04	1910	78	119.39
1849	74	113.26	1880	88	134.70	1911	80	122.45
1850	77	117.86	1881	85	130.10			
1851	75	114.80	1882	84	128.58			
1852	78	119.39	1883	82	125.51			
1853	95	145.41	1884	76	116.32			
1854	102	156.12	1885	72	110.21			
1855	101	154.60	1886	69	105.61			
1856	101	154.60	1887	68	104.07			
1857	105	160.72	1888	70	107.15			
1858	91	139.29	1889	72	110.21			
1859	94	143.89	1890	72	110.21			
1860	99	151.54	1891	72	110.21			
1861	98	150.00	1892	68	104.07			
1862	101	154.60	1893	68	104.07			

Journal of the Roy al Statistical Society
Vol 49 pp 628 (Sept. 1886)
Vol. 57 pp 172 (Mch. 1894)
Vol. 75 pp 412 (May 1912)

DEFENDANTS' EXHIBIT
Smith No. 193 (3).
DATE February 10. 1914

Relative Prices of Commodities in Germany 1895 – 1900 = 100
Computed from Soetbeer's and Conrad's Index Prices

Table 3

Soetbeer	Soetbeer Base 1847-50=100	Corrected Base 1895-1900=100		Soetbeer Base 1847-50=100	163 and 151 Com. Conrad Base 1871-1880=100	Corrected Base 1895-1900=100
1851	100.21	110.42	1882	122.14		134.59
1852	101.69	112.05	1883	122.24		134.70
1853	113.69	125.28	1884	114.25		125.89
1854	121.25	133.60	1885	108.72		11980
1855	124.23	136.90	1886	103.99		114.59
1856	123 27	135.83	1887	102.02	84.81	112.42
1857	130.11	143.38	1888	10204	79.20	104.91
1858	113.52	125.09	1889	106.13	83.99	111.26
1859	116.34	128.20	1890	108.13	84.04	111.32
1860	120.98	133.30	1891	109.19	87.46	115.85
1861	118.10	13013	1892		82.76	109.62
1862	122.65	135.15	1893		83.06	11003
1863	125.49	138.29	1894		78.35	103.78
1864	129.28	142.46	1895		78.40	10385
1865	122.63	135.13	1896		74.86	99.16
1866	125.85	138.68	1897		77.19	102.23
1867	124.44	137.12	1898		75.84	100.46

Soetbeer Base 1847-1850. 114 Commodities
Figures taken from Report by Mr Aldrich
from Senate Committee on Finance
52nd Cong. 2nd Session. Senate Report
1394, Part I, Page 294, Table 70.

Conrad Base 1871-1880-100; 1887-1903, 163
commodities; 1904-1911, 151 commodities
Jahrbücher für Nationalokonomie

Average Annual Production of Gold and Silver in the World since the Discovery of America; from 1493-1885 is from a table of averages for certain periods from data collected by Dr. Adolph Soetbeer; for the years since the production is the annual estimate of the Bureau of the Mint Director of the Mint Annual Reports for 1910, 1911

Table 4

Period	Annual average for period Gold $	Annual average for period Silver $	Total $
1493-1520	3,855,000	1,954,000	5,809,000
1521-1544	4,739,000	3,140,000	8,499,000
1545-1560	5,656,000	12,952,000	18,608,000
1561-1580	4,546,000	12,450,000	16,996,000
1581-1600	4,905,000	17,413,000	22,318,000
1601-1620	5,662,000	17,579,000	23,241,000
1621-1640	5,516,000	16,361,000	21,877,000
1641-1660	5,828,000	15,226,000	21,054,000
1661-1680	6,154,000	14,008,000	20,162,000
1681-1700	7,154,000	14,212,000	21,366,000
1701-1720	8,520,000	14,781,000	23,301,000
1721-1740	13,681,000	17,924,000	30,605,000
1741-1760	16,356,000	22,162,000	38,518,000
1761-1780	13,161,000	27,733,000	40,894,000
1781-1800	11,823,000	36,540,000	48,363,000
1801-1810	11,815,000	37,168,000	48,983,000
1811-1820	7,606,000	22,479,000	30,085,000

Period	Gold $	Silver $	Total $
1901	260,992,900	223,691,300	484,684,200
1902	296,737,600	210,441,900	507,179,500
1903	327,702,700	216,810,300	544,513,000
1904	347,377,200	212,292,900	559,670,100
1905	380,288,700	222,794,500	603,083,200
1906	402,503,000	213,403,800	615,906,800
1907	412,966,600	238,166,600	651,133,200
1908	442,476,900	262,634,500	705,111,400
1909	454,145,700	272,101,400	726,247,100
1910	454,703,900	288,167,300	742,871,200
1911	461,542,100	291,346,400	752,888,500
1912			

DEFENDANTS' EXHIBIT No. 193 (4) 1914

Price Statistics of Bessemer Pig Iron.

DEFENDANTS' EXHIBIT
Smith No. 193 (5)
DATE February 10 1914

Table 5

Year	Average Annual Price per gross ton	Relative Price 1895-1900=100	Relative Price of Commodities 1895-1900=100	Purchasing Power
1885	$ 17.66	127.99	116.70	109.67
1886	19.37	140.38	115.32	121.73
1887	21.69	157.20	116.20	135.28
1888	17.63	127.78	117.95	108.32
1889	17.80	129.01	118.20	109.15
1890	18.84	136.55	115.82	117.90
1891	15.85	114.88	115.70	99.28
1892	14.19	102.84	109.90	93.58
1893	12.69	91.97	109.38	84.08
1894	11.07	80.23	99.53	80.61
1895	12.65	91.69	96.95	94.58
1896	12.02	87.12	93.63	93.04
1897	9.98	72.33	92.91	77.84
1898	10.32	74.79	96.74	77.31
1899	18.88	136.81	105.33	129.90
1900	18.94	137.26	114.45	119.91
1901	15.72	113.92	112.38	101.38
1902	20.19	146.31	116.94	125.12
1903	18.88	136.81	117.66	116.26
1904	13.72	99.44	117.04	84.96
1905	16.37	118.63	120.04	98.84
1906	19.45	140.96	126.88	111.08
1907	22.76	164.95	134.13	122.97
1908	17.07	123.70	127.19	97.26
1909	17.41	126.18	131.02	96.31
1910	17.19	124.58	136.31	91.40
1911	15.71	113.85	133.92	86.02
[illegible]	[illegible]	[illegible]	[illegible]	78.77

DATE February 10 1914

Years	Average Annual Price per gross ton	Relative Price 1895-1900=100	Relative Price of Commodities 1895-1900=100	Purchasing Power
1885	$15.39	126.04	116.70	108.01
1886	16.94	138.73	115.32	120.31
1887	20.12	164.79	116.20	141.81
1888	16.59	135.88	117.95	115.20
1889	14.86	121.70	118.20	102.96
1890	15.12	123.83	115.82	106.92
1891	13.70	112.20	115.70	96.98
1892	12.72	104.18	109.90	94.80
1893	11.42	93.53	109.39	85.51
1894	9.67	79.20	99.53	79.57
1895	10.79	88.36	96.95	91.15
1896	10.30	84.36	93.63	90.10
1897	9.32	76.34	92.91	82.16
1898	9.33	76.42	96.74	78.99
1899	16.54	135.46	105.33	128.60
1900	16.98	139.06	114.45	121.50
1901	13.59	111.30	112.38	99.04
1902	19.03	155.85	116.94	133.27
1903	17.08	139.89	117.66	118.89
1904	12.74	104.34	117.04	89.14
1905	15.58	127.60	120.04	106.28
1906	18.42	150.86	126.88	118.90
1907	23.13	189.44	134.13	141.23
1908	15.54	127.28	127.19	100.07
1909	16.12	132.02	131.02	100.76
1910	15.16	124.08	136.34	91.03
1911	13.68	112.03	133.92	83.66
1912	14.91	122.11	138.38	88.24
1913	14.92	122.19		

Price Statistics of Bessemer Billets.

DEFENDANTS' EXHIBIT
Smith No. 193 (7)
DATE February 10 1914

Table 7

Years	Average Annual Price per gross ton	Relative Price 1895-1900=100	Relative Price of Commodities 1895-1900=100	Purchasing Power
1885	31.39	154.42	116.70	132.32
1886	31.66	155.75	115.32	135.05
1887	32.61	160.43	116.20	138.05
1888	28.75	141.43	117.95	119.90
1889	29.31	144.19	118.20	121.98
1890	30.29	149.00	115.82	128.65
1891	25.27	124.31	115.70	107.44
1892	23.51	115.66	109.90	105.24
1893	20.35	100.11	109.38	91.53
1894	16.53	81.32	99.53	81.70
1895	18.36	90.32	96.95	93.16
1896	18.65	91.74	93.63	97.98
1897	14.96	73.60	92.91	79.22
1898	15.18	74.67	96.74	77.18
1899	29.81	146.65	105.33	139.23
1900	25.01	123.02	114.45	107.49

Price Statistics of Bessemer Steel Rails

DEFENDANTS' EXHIBIT
Smith No. 193 (8)
DATE February 10 1914

Table 8

Years	Average Annual Price per gross ton	Relative Price 1895-1900=100	Relative Price of Commodities 1895-1900=100	Purchasing Power
1885	$ 28.52	114.11	116.70	98.35
1886	34.52	138.90	115.32	120.45
1887	37.08	149.20	116.20	128.40
1888	24.83	120.03	117.95	101.74
1889	29.25	117.70	118.20	99.58
1890	31.78	121.89	115.82	110.41
1891	29.92	120.40	115.70	104.06
1892	30.00	120.71	109.90	109.83
1893	28.12	113.16	109.38	103.46
1894	24.00	96.57	99.53	97.02
1895	24.33	97.90	96.95	100.98
1896	28.00	112.61	93.63	120.33
1897	18.75	75.45	92.91	81.20
1898	17.62	70.90	96.74	73.29
1899	28.12	113.16	105.33	107.44
1900	32.29	129.92	114.45	113.52
1901	27.33	109.98	112.38	97.87
1902	28.00	112.67	116.94	96.35

Price Statistics of Beams

DEFENDANT'S EXHIBIT
Serial No. [illegible]
DATE February [illegible] 1914

Table 9

Years	Average Annual Price per 100 pds.	Average Annual Price per gross ton	Relative Price 1895-1900=100	Relative Price of Commodities 1895-1900=100	Purchasing Power
	$	$			
1885	3.03	67.87	201.09	116.70	172.33
1886	3.00	67.20	199.11	115.32	172.66
1887	3.28	73.41	217.69	116.20	187.33
1888	3.30	73.92	219.01	117.95	185.69
1889	2.87	64.29	190.49	118.20	161.15
1890	3.10	69.44	205.75	115.82	177.65
1891	3.10	69.44	205.75	115.70	177.83
1892	2.14	47.94	142.05	109.90	129.26
1893	1.65	36.96	109.52	109.38	100.13
1894	1.25	28.00	82.97	99.53	83.36
1895	1.40	31.36	92.92	96.95	95.85
1896	1.51	33.82	100.22	93.63	107.03
1897	1.24	27.78	82.30	92.91	88.58
1898	1.17	26.21	77.66	96.74	80.27
1899	1.81	40.55	120.13	105.33	114.05
1900	1.91	42.79	126.77	114.45	110.75
1901	1.58	35.39	104.87	112.38	93.32

Price Statistics of Tank Plate

DEFENDANTS' EXHIBIT
Smith No. 193 (10)
DATE February 10 1914

Table 10

Years	Average Annual Price per 100 pds.	Average Annual Price per gross ton	Relative Price 1895-1900=100	Relative Price of Commodities 1895-1900=100	Purchasing Power
1885	2.05	45.92	144.19	116.70	123.55
1886	2.15	48.16	151.22	115.32	131.12
1887	2.76	61.82	194.13	116.20	167.06
1888	2.33	52.19	163.89	117.85	138.93
1889	2.25	50.40	158.26	118.20	133.89
1890	2.68	60.03	188.50	115.52	162.76
1891	2.12	47.49	149.12	115.70	128.89
1892	1.82	40.77	128.02	109.90	116.49
1893	1.56	34.94	109.72	109.38	100.32
1894	1.20	26.86	84.41	99.53	84.81
1895	1.42	31.88	99.89	96.95	103.03
1896	1.25	27.93	87.93	93.63	93.90
1897	1.04	23.37	73.16	92.91	78.74
1898	1.08	24.23	75.97	96.74	78.53
1899	2.20	49.36	154.73	105.33	146.90
1900	1.54	34.59	108.32	114.45	94.64
1901	1.55	34.79	109.02	112.38	97.02

Price Statistics of Black Sheets

Smith No. 193 (11)
DATE February 10 1914

Table 11

Years.	Average Annual Price per 100 pds.	Average Annual Price per gross ton	Relative Price 1895-1900=100	Relative Price of Commodities 1895-1900=100	Purchasing Power
1885	$3.00	67.20	128.75	116.70	110.32
1886	3.24	72.58	139.05	115.32	120.57
1887	3.03	67.87	130.03	116.20	111.91
1888	2.71	60.70	116.31	117.95	98.61
1889	2.82	63.17	121.02	118.20	102.40
1890	2.89	64.74	124.02	115.82	107.09
1891	2.76	61.82	118.45	115.70	102.38
1892	2.63	58.91	112.86	109.90	102.70
1893	2.68	60.03	115.01	109.38	105.16
1894	2.34 *	52.42	100.43	99.53	100.90
1895	2.40	53.76	103.00	96.95	106.23
1896	2.13	47.71	91.42	93.63	97.64
1897	1.94	43.46	83.26	92.91	89.62
1898	1.89	42.34	81.12	96.74	83.85
1899	2.69	60.26	115.45	105.33	109.61
1900	2.93	65.64	125.75	114.45	109.86
1901	3.14	70.34	134.77	112.38	119.91
1902	2.87	64.29	123.18	116.94	105.33
1903	2.57	57.57	110.30	117.66	93.74
1904	2.08	46.59	89.27	117.04	76.27
1905	2.21	49.51	94.85	120.04	79.02
1906	2.36	52.86	101.29	126.88	79.83
1907	2.50	56.00	107.30	134.13	79.99
1908	2.40	53.76	103.00	127.19	80.99
1909	2.24	50.18	96.14	131.02	73.37
1910	2.26	50.62	97.00	136.31	71.16
1911	1.99	44.58	85.41	133.92	63.77
[illegible]	[illegible]	[illegible]	91.84	128.38	62.03

Years	Average Annual Price per gross ton	Average Annual Price per gross ton	Relative Price 1895-1900=100	Relative Price of Commodities 1895-1900=100	Purchasing Power
1885	$1.63	36.57	128.69	116.70	110.27
1886	1.71	38.30	135.00	115.32	117.06
1887	1.95	43.68	153.95	116.20	132.48
1888	1.77	39.65	139.73	117.95	118.46
1889	1.71	38.30	135.00	118.20	114.22
1890	1.84	41.22	145.27	115.82	125.43
1891	1.71	38.30	135.00	115.70	116.68
1892	1.66	37.18	131.06	109.90	119.25
1893	1.47	32.93	116.06	109.38	106.11
1894	1.10	24.64	86.85	99.53	87.27
1895	1.17	26.21	92.37	96.95	95.28
1896	1.08	24.19	85.26	93.63	91.05
1897	.96	21.50	75.79	92.91	81.57
1898	.95	21.28	75.00	96.74	77.53
1899	1.85	41.44	146.06	105.33	138.68
1900	1.59	35.62	125.52	114.45	109.66
1901	1.43	32.03	112.90	112.38	100.48
1902	1.58	35.39	124.73	116.94	106.66
1903	1.56	34.94	123.16	117.66	104.65
1904	1.33	29.79	105.00	117.04	89.71
1905	1.48	33.15	116.84	120.04	97.34
1906	1.51	33.82	119.21	126.88	93.96
1907	1.60	35.84	126.31	134.13	94.17
1908	1.49	33.38	117.63	127.19	92.50
1909	1.33	29.79	105.00	131.02	80.14
1910	1.44	32.26	113.68	136.31	83.40
1911	1.27	28.45	100.26	132.92	74.86
1912	1.25	28.00	98.69	138.38	71.32
1913	1.39	31.14	109.72		

Price Statistics of Plain Wire

DEFENDANTS' EXHIBIT
Smith No. 193 (13)
DATE February 10 1914

Table 13

Years	Price 100 pds.	Price Gross Tons	Relative Price	Relative Price of Commodities	Purchasing Power
1885	$2.465	$55.22	155.89	116.70	133.59
1886	2.91	65.18	184.00	115.32	159.57
1887	2.58	57.79	163.14	116.20	140.40
1888	2.16	48.38	136.59	117.95	115.80
1889	2.15	48.16	135.96	118.20	115.02
1890	2.596	58.15	164.17	115.82	141.74
1891	2.88	64.51	182.12	115.70	157.42
1892	1.885	42.22	119.19	109.90	108.46
1893	1.77	39.65	111.94	109.38	10235
1894	1.74	38.98	110.04	99.53	110.55
1895	1.36	3054	86.23	96.95	88.94
1896	1.23	27.53	77.13	93.63	82.37
1897	1.14	25.54	72.11	92.91	77.61
1898	1.15	25.76	72.73	96.74	75.18
1899	2.17	48.68	13743	105.33	130.48
1900	243	5447	153.77	114.45	134.36

Price Statistics of Wire Nails.

DEFENDANTS' EXHIBIT
Smith No. 193 (14)
DATE February 10 1914

Table 14

	Price 100 lbs	Price Gross Ton	Relative Price	Relative Price of Commodities	Purchasing Power
1885	----	—		116.70	
1886	$3.35	$75.26	176.08	115.32	152.70
1887	3.00	67.20	157.21	116.20	135.30
1888	2.40	53.76	125.77	117.95	106.63
1889	2.34	52.42	122.69	118.20	103.80
1890	2.36	52.86	123.67	115.82	106.77
1891	1.89	42.34	99.06	115.70	85.62
1892	1.55	34.72	81.24	109.90	73.92
1893	1.34	30.02	70.23	109.38	64.21
1894	.96	21.50	50.30	99.53	50.53
1895	1.54 Corrected 2.08	34.59 Corrected 46.59	80.93	96.95	83.48
1896	2.36 2.89	52.85 64.74	123.65	93.63	132.06
1897	1.37	30.78	72.02	92.91	77.52
1898	1.34	29.91	69.98	96.74	72.34
1899	2.32	52.04	121.75	105.33	115.60
1900	2.51	56.28	131.67	114.45	115.04
1901	2.25	50.49	118.12	112.38	105.10

Average Annual Prices of IRON and STEEL in the United States
(Dollars per gross ton)

DEFENDANTS' EXHIBIT
Smith No. 193 (15)
DATE February 10 1914

Table 15
page 1.

	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894
1. Bessemer Pig.	17.66	19.37	21.69	17.63	17.80	18.84	15.85	14.19	12.69	11.07
2. Foundry Pig.	15.39	16.94	20.12	16.59	14.86	15.12	13.70	12.72	11.42	9.67
3. Bessemer Billets.	31.39	31.66	32.61	28.75	29.31	30.29	25.27	23.51	20.35	16.53
4. Steel Rails.	28.52	34.52	37.08	29.83	29.25	31.78	29.92	30.00	28.12	24.00
5. Beams.	67.87	67.20	73.47	73.92	64.29	69.44	69.44	47.94	36.96	28.00
6. Tank Plate	45.92	48.16	61.82	52.19	50.40	60.03	47.49	40.77	34.94	26.88
7. Black Sheets.	67.20	72.58	67.87	60.70	63.17	64.74	61.82	58.91	60.03	52.42
8. Steel Bars	36.51	38.30	43.68	39.65	38.30	41.22	38.30	37.18	32.93	24.64
9 Plain Wire	55.22	65.18	57.79	48.38	48.16	58.15	64.51	42.22	39.65	38.98
10. Wire Nails.		75.26	67.20	53.76	52.42	52.86	42.34	34.72	30.02	21.50
Average (1-10)		46.92	48.33	42.14	40.80	44.25	40.86	34.22	30.71	25.37
Average (1-7)	39.14	41.49	44.95	39.94	38.44	41.46	37.64	32.58	29.22	24.08
Average (Heavy Steel)	43.43	45.39	51.25	46.17	43.31	47.89	43.03	35.56	30.09	23.85

DEFENDANTS' EXHIBIT
Smith No. 193 (16)
DATE February 10 1914

Table 15
page 2

Average Annual Prices of IRON and STEEL in the United States.
(Dollars per gross ton)

	1895	1896	1897	1898	1899	1900	1901	1902	1903	1904
1. Bessemer Pig	12.65	12.02	9.98	10.32	18.88	18.94	15.72	20.19	18.88	13.72
2. Foundry Pig	10.79	10.30	9.32	9.33	16.54	16.98	13.59	19.03	17.08	12.74
3. Bessemer Billets	18.36	18.65	14.96	15.18	29.81	25.01	24.13	30.32	27.93	22.04
4. Steel Rails	24.33	28.00	18.75	17.63	28.13	32.29	27.33	28.00	28.00	28.00
5. Steel Beams	31.40	33.75	27.85	26.25	40.49	42.88	35.34	40.65	36.21	34.50
6. Tank Plate	31.88	27.93	23.37	24.23	49.36	34.59	34.79	38.16	36.12	34.50
7. Black Sheets	53.74	47.60	43.55	42.28	60.24	65.54	70.43	64.27	57.61	46.69
8. Steel Bars	26.15	24.29	21.49	21.32	41.36	35.69	31.94	35.49	34.87	29.75
9. Plain Wire	30.54	27.53	25.54	25.76	48.68	54.47	50.25	43.62	42.00	37.58
10. Wire Nails	34.59	52.85	30.78	29.91	52.04	56.28	50.49	44.75	44.18	40.25
Average (1-10)	27.44	28.37	22.56	22.22	38.55	38.27	35.40	36.45	34.29	29.98
Average (1-7)	26.17	25.46	21.11	20.74	34.78	33.74	31.62	34.37	31.69	27.45
Average (Heavy Steel)	26.50	27.08	21.23	20.82	36.94	33.69	30.40	34.28	32.07	29.76
Average (Light Steel)	36.26	38.07	30.34	29.82	50.58	53.00	50.78	47.03	44.67	38.57

Average Annual Prices of IRON and STEEL in the United States.
(Dollars per gross ton)

DEFENDANTS' EXHIBIT
Smith No. 193 (17)
DATE February 10 1914

Table 15
page 3.

	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914
1. Bessemer Pig	16.37	19.45	22.76	17.07	17.41	17.19	15.71	15.04	16.23	
2. Foundry Pig	15.58	18.42	23.13	15.54	16.12	15.16	13.68	14.91	14.92	
3. Bessemer Billets	24.03	27.42	29.25	26.31	24.56	25.38	21.46	22.38	25.79	
4. Steel Rails	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	
5. Steel Beams	36.33	38.08	38.08	36.83	31.17	32.57	29.64	28.90	31.58	
6. Tank Plate	35.52	36.06	38.08	36.83	31.79	32.85	29.48	28.67	31.36	
7. Black Sheets	49.49	52.94	56.00	53.80	50.06	50.62	44.63	44.80	49.50	
8. Steel Bars	33.15	33.86	35.84	33.32	29.87	32.20	28.41	28.00	31.14	
9. Plain Wire	36.81	38.40	41.81	41.31	36.74	35.24	33.56	32.19	33.60	
10. Wire Nails	40.15	41.70	45.17	44.67	40.77	39.72	38.04	36.74	38.08	
Average (1-10)	31.54	33.43	35.81	33.37	30.71	30.89	28.26	27.96	30.02	
Average (1-7)	29.33	31.48	33.61	30.63	28.53	28.83	26.09	26.10	28.20	
Average (Heavy Steel)	30.97	32.39	33.35	31.99	29.03	29.70	27.14	26.99	29.18	

Price Statistics of Heavy Steel—
Bessemer Billets Stee Rails, Beams, and Tank Plates.

DEFENDANTS' EXHIBIT
Smith No. 193 (18)
DATE February 10 1914

Table 16

Year	Average Annual Price per Gross Ton.	Relative Price 1895-1900=100	Relative Price of Commodities 1895-1900=100	Purchasing Power
1885	$43.43	156.72	116.70	134.30
1886	45.39	163.80	115.32	142.05
1887	51.25	184.94	116.20	159.15
1888	46.17	166.61	117.95	141.25
1889	43.31	156.30	118.20	132.23
1890	47.89	172.82	115.82	149.22
1891	43.03	155.29	115.70	134.21
1892	35.56	128.32	109.90	116.76
1893	30.09	108.59	109.38	99.28
1894	23.85	86.07	99.53	86.47
1895	26.50	95.64	96.95	98.65
1896	27.08	97.72	93.63	104.36
1897	21.23	76.62	92.91	82.46
1898	20.82	75.14	96.74	77.67
1899	36.94	133.30	105.33	126.55
1900	33.69	121.58	114.45	106.22
1901	30.40	109.70	112.38	97.62
1902	34.28	123.70	116.94	105.78
1903	32.07	115.73	117.66	98.36
1904	29.76	107.40	117.04	91.75
1905	30.97	111.77	120.04	93.10
1906	32.39	116.89	126.88	92.12
1907	33.35	120.35	134.13	89.73
1908	31.99	115.44	127.19	90.76
1909	29.03	104.76	131.02	79.95
1910	29.70	107.17	136.31	78.62
1911	27.14	97.94	133.92	73.13

DATE February 10 1914 Table 17

Years	Average Annual Price per Gross Ton	Relative Price 1895-1900=100	Relative Prices of Commodities	Purchasing Power
1885				
1886	$62.83	158.34	115.32	137.32
1887	59.14	149.04	116.20	128.26
1888	50.62	127.57	117.95	108.16
1889	50.51	127.30	118.20	107.70
1890	54.24	136.70	115.82	118.03
1891	51.74	130.40	115.70	112.71
1892	43.26	109.02	109.90	99.21
1893	40.66	102.47	109.38	93.69
1894	34.39	86.67	99.53	87.07
1895	36.26	91.38	96.95	94.26
1896	38.07	95.95	93.63	102.47
1897	30.34	76.47	92.91	82.30
1898	29.82	75.16	96.74	77.69
1899	50.58	127.47	105.33	121.02
1900	53.00	133.57	114.45	116.70
1901	50.78	127.98	112.38	113.88
1902	47.03	118.52	116.94	101.35
1903	44.67	112.58	117.66	95.68
1904	38.57	97.20	117.04	83.04
1905	39.90	100.56	120.04	83.76
1906	41.73	105.17	126.88	82.89
1907	44.71	112.67	134.13	83.97
1908	43.27	109.04	127.19	85.73
1909	39.36	99.20	131.02	75.71
1910	39.45	99.42	136.31	72.94
1911	36.16	91.13	133.92	68.05
1912	35.43	89.30	138.38	64.53
1913	38.08	95.98		

Price Statistics of Iron and Steel in the United States.

Bessemer Pig Iron, No. 2 Foundry Pig Iron, Bessemer Billets, Steel Rails, Beams, Tank Plate, Black Sheets, Steel Bars, Plain Wire, and Wire Nails.

Table 18

Year	Average Annual Price per Gross Ton	Relative Price 1895-1900=100	Relative Price of Commodities 1895-1900=100	Purchasing Power
1885	—		116.70	
1886	$46.92	158.68	115.32	137.60
1887	48.33	163.43	116.20	140.65
1888	42.14	142.51	117.95	120.83
1889	40.80	137.98	118.20	116.73
1890	44.25	149.65	115.82	129.22
1891	40.86	138.18	115.70	119.43
1892	34.22	115.73	109.90	105.31
1893	30.71	103.85	109.38	94.95
1894	25.37	85.80	99.53	86.20
1895	27.44	92.80	96.95	95.73
1896	28.37	95.95	93.63	102.47
1897	22.56	76.30	92.91	82.12
1898	22.22	75.15	96.74	77.68
1899	38.55	130.37	105.33	123.77
1900	38.27	129.43	114.45	113.10
1901	35.40	119.72	112.38	106.53
1902	36.45	123.27	116.94	105.41
1903	34.29	115.97	117.66	98.56
1904	29.98	101.39	117.04	86.62
1905	31.54	106.67	120.04	88.85
1906	33.43	113.06	126.88	89.11
1907	35.81	121.10	134.13	90.28
1908	33.37	112.85	127.19	88.73
1909	30.71	103.85	131.02	79.26
1910	30.89	104.47	136.31	76.65
1911	28.26	95.57	133.92	71.36
1912	27.95	94.51	138.39	68.33

DEFENDANTS' EXHIBIT
Smith No. 193 (20)
DATE February 10 1914

1889-1900 P.P. Aver = 103.89
1901-1912 P.P. Aver = 87.41

Price Statistics of Iron and Steel in the United States, England, and Germany

Bessemer Pig Iron, No. 2 Foundry Pig Iron, Bessemer Billets, Steel Rails, Beams, Tank Plate, and Black Sheets.

Table 19
page 1

	United States		England		Germany	
Years	Average Price per Gross Ton	Relative Price 1895-1900-100	Average Price per Gross Ton	Relative Price 1895-1900=100	Average Price per Gross Ton	Relative Price 1895-1900-100
1885	$ 39.14	144.97				
1886	41.49	153.68				
1887	44.95	166.49				
1888	39.94	147.93				
1889	38.44	142.38				
1890	41.46	153.56				
1891	37.64	139.41				
1892	32.58	120.67				
1893	29.22	108.22				
1894	24.08	89.19				
1895	26.17	96.93	19.11	79.10	21.09	80.96
1896	25.46	94.29	20.86	86.36	23.66	90.83
1897	21.11	78.18	21.15	87.55	24.21	92.94
1898	20.74	76.82	22.21	91.94	24.37	93.55
1899	34.78	128.82	28.54	118.15	29.32	112.55
1900	33.74	124.96	33.07	136.90	33.65	129.17
1901	31.62	117.12	24.73	102.37	27.00	103.64
1902	34.37	127.30	24.32	100.68	24.41	93.71
1903	31.69	117.38	23.77	99.23	24.01	92.17
1904	27.45	101.67	22.72	94.06	23.45	90.02
1905	29.33	108.63	24.24	100.40	23.17	88.95
1906	31.48	116.60	27.67	114.55	26.15	100.38
1907	33.61	124.48	29.59	122.30	27.72	106.41
1908	30.63	113.45	25.22	104.40	24.36	93.51
1909	28.53	105.67	24.26	100.43	23.09	88.64
1910	28.83	106.78	26.15	108.25	24.44	93.82
1911	26.09	96.63	26.73	110.64	24.62	94.51
1912	26.10	96.67				

DEFENDANTS' EXHIBIT
Smith No. 193 (21)
DATE February 19, 1914

Price Statistics of Iron and Steel in the United States, England, and Germany.
Bessemer Pig Iron, No. 2 Foundry Pig Iron, Bessemer Billets, Steel Rails, Beams, Tank Plate, and Black Sheets.

Table 19
page 2

Years	United States			England			Germany		
	Relative Prices of Commodities 1895-1900=100	Relative Prices of Iron & Steel 1895-1900=100	Purchasing Power of Iron & Steel	Relative Prices of Commodities 1895-1900=100	Relative Prices of Iron & Steel 1895-1900=100	Purchasing Power of Iron and Steel	Relative Prices of Commodities 1895-1900=100	Relative Prices of Iron & Steel 1895-1900=100	Purchasing Power of Iron & Steel.
1885	116.70	144.97	124.22						
1886	115.32	153.68	133.26						
1887	116.20	166.49	143.29						
1888	117.95	147.93	125.43						
1889	118.20	142.38	120.46						
1890	115.82	153.56	132.58						
1891	115.70	139.41	120.50						
1892	109.90	120.67	109.80						
1893	109.38	108.22	98.94						
1894	99.53	89.19	89.61						
1895	96.95	96.93	99.97	94.90	79.10	83.35	103.85	80.96	77.95
1896	93.63	94.29	100.70	93.37	86.36	92.49	99.16	90.83	91.60
1897	92.91	78.18	84.14	94.90	87.55	92.26	102.23	92.94	90.92
1898	96.74	76.82	79.41	97.96	91.94	93.86	100.46	93.55	93.12
1899	105.33	128.82	122.30	104.07	118.15	113.53	96.73	112.55	116.35
1900	114.45	124.96	109.18	114.80	136.90	119.24	97.57	129.17	132.38
1901	112.38	117.12	104.23	107.15	102.37	95.55	92.95	103.64	111.50
1902	116.94	127.30	108.86	105.61	100.68	95.33	90.48	93.71	103.57
1903	117.66	117.38	99.75	105.61	99.23	93.95	92.92	92.17	99.19
1904	117.04	101.67	86.86	107.15	94.06	87.79	93.12	90.02	96.66
1905	120.04	108.63	90.50	110.21	100.40	91.10	99.60	88.95	89.31
1906	126.88	116.60	91.90	117.85	114.55	97.20	99.17	100.38	101.22
1907	134.13	124.48	92.80	122.45	122.30	99.88	110.20	106.41	96.57
1908	127.19	113.45	89.21	111.74	104.40	93.43	101.34	93.51	92.28
1909	131.02	105.67	80.65	113.26	100.43	88.67	99.01	88.44	89.32
1910	136.31	106.78	78.33	119.39	108.25	90.67	102.27	93.82	91.74
1911	133.92	96.63	72.15	122.45	110.64	90.36	104.48	94.51	90.46
1912	138.38	96.67	69.85						

DEFENDANTS' EXHIBIT
Smith No. 193 (22)
DATE February 10 1914

Average Monthly Prices of Iron and Steel in the United States—
Bessemer Pig Iron, No. 2 Foundry Pig Iron, Bessemer Billets, Steel Rails, Beams,
Tank Plate, Black Sheets, Steel Bars, Plain Wire, and Wire Nails. (Dollars per gross ton.)

Table 20
page 1

Month	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894
January			49.67	44.45	40.33	48.02	42.11	39.45	32.80	26.78
February			51.09	43.84	39.41	48.37	41.89	37.91	32.26	26.24
March			52.08	43.84	38.75	46.67	41.88	34.13	32.28	25.19
April			50.51	43.67	39.13	45.00	41.24	33.35	31.93	24.57
May			48.60	41.65	38.88	43.98	41.02	33.02	31.50	25.60
June			47.79	41.00	38.98	44.83	40.68	32.11	30.94	26.20
July			47.52	40.68	39.15	42.83	40.88	33.08	30.37	26.14
August			47.61	40.98	39.56	42.99	40.72	33.42	30.30	25.67
September		45.89	47.09	41.50	40.12	42.58	40.57	33.03	30.42	25.31
October		46.69	46.65	41.71	42.51	41.85	40.29	33.96	29.60	24.70
November		47.24	45.92	41.40	45.45	41.23	39.98	34.09	28.25	24.46
December		47.94	45.44	40.99	47.15	42.44	39.31	33.11	27.75	24.08

Average monthly price - July 1888 to March 1901 = $33.15
Average monthly price - April 1901 to December 1913 = $32.13

DEFENDANTS' EXHIBIT
(23)

Average Monthly Prices of Iron and Steel in the United States.—
Bessemer Pig Iron, No. 2 Foundry Pig Iron, Bessemer Billets, Steel Rails, Beams
Tank Plate, Black Sheets, Steel Bars, Plain Wire and Wire Nails. (Dollars per gross ton)

Table 20
page 2

Month	1895	1896	1897	1898	1899	1900	1901	1902	1903	1904
January	22.65	28.62	24.51	22.57	24.10	46.86	32.75	34.93	35.86	31.00
February	22.60	28.54	23.74	22.49	25.98	46.67	33.48	35.25	35.17	30.93
March	22.38	28.32	23.52	22.22	31.30	46.62	34.96	35.93	35.59	31.08
April	22.82	29.17	23.16	22.02	38.94	45.06	36.04	36.21	35.39	31.07
May	23.09	29.28	21.90	22.05	35.40	40.49	35.86	36.45	35.15	30.87
June	25.94	29.00	21.39	21.81	39.04	37.74	35.83	36.76	34.86	30.63
July	29.26	28.62	20.99	21.68	41.52	34.74	35.36	37.40	34.47	30.41
August	31.70	28.32	21.01	22.15	43.35	33.15	36.67	37.63	34.17	29.57
September	34.29	28.21	22.18	22.68	47.42	31.93	36.96	37.54	33.90	27.96
October	33.17	28.07	23.20	22.52	47.92	31.07	36.17	36.67	33.59	27.84
November	31.62	28.78	22.73	22.09	46.89	32.09	35.63	36.33	32.25	28.55
December	29.81	25.55	22.37	22.34	45.76	32.76	35.13	36.26	31.09	29.79

DEFENDANTS' EXHIBIT
No. 193 (24)

Average Monthly Prices of Iron and Steel in the United States —
Bessemer Pig Iron, No. 2 Foundry Pig Iron, Bessemer Billets, Steel Rails,
Beams, Tank Plate, Black Sheets, Steel Bars, Plain Wire and Wire Nails. (Dollars per gross ton)

Table 20
page 3

Month	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914
January	30.67	32.12	36.08	34.50	32.74	32.67	29.55	26.07	31.25	
February	31.04	32.82	36.06	34.39	32.25	32.51	29.73	25.85	31.33	
March	31.73	32.77	36.01	34.36	30.02	32.22	29.87	25.81	31.34	
April	31.87	32.73	36.08	34.29	29.47	32.03	29.96	26.53	31.44	
May	31.71	32.67	36.08	34.19	28.32	31.67	29.93	27.01	31.16	
June	31.12	33.01	36.03	33.05	28.43	31.23	28.49	27.07	30.83	
July	30.97	33.03	35.98	32.56	29.22	30.38	28.18	27.62	30.27	
August	31.42	33.22	35.76	32.53	30.24	29.70	28.04	28.38	29.89	
September	31.60	33.52	35.83	32.53	30.97	29.54	27.53	29.11	29.46	
October	31.87	33.72	35.65	32.53	31.92	29.58	26.49	30.43	28.81	
November	32.19	34.94	35.26	32.64	32.31	29.65	25.58	30.78	27.49	
December	32.32	36.06	34.92	32.75	32.60	29.55	25.80	30.88	26.63	

EXHIBIT

MAPS
TOO
LARGE
FOR
FILMING

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1[redacted] 1917 1919

No. [redacted] 16[redacted]6

THE UNITED STATES OF AMERICA, APPELLANT,

vs.

UNITED STATES STEEL CORPORATION ET AL.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF NEW JERSEY.

VOLUME 9.

DEFENDANTS' EXHIBITS.

FILED MAY 16, 1919.

(25292)

ERRATA.

Testimony.

Vol. III:

Page 1288, line 12, the words "Government's Exhibit No. 97" should be substituted for the words "Government's Exhibit No. 98."

Vol. VI:

Page 2427, line 13, "$950,000" should be substituted for "$95,000."

Page 2550, last line, the word "direction" should be substituted for the word "distinction."

Vol. VIII:

Page 3180, line 18, the words "North Chicago Rolling Mill Company, the Joliet," should be substituted for the words "North Chicago Rolling Mill Company of Joliet."

Vol. XI:

Page 4256, line 10, "1899" should be substituted for "1895."

Page 4260, line 17, "time." should be substituted for "time?"

Page 4262, line 31, "In 1897?" should be substituted for "In 1907?"

Page 4346, last paragraph should read as follows: "A. No. I think I explained that to the chairman. It does not require over 30 per cent. in any kind of capital or business, I think, to control; because a man owning 30 per cent. or 40 per cent. of that can usually collect about him enough people who think as he does to direct the policy. Therefore, I do not think 70 per cent. can absolutely fix a policy."

Vol. XII:

Page 4716, line 21, the words "It did" should be substituted for the words "I did."

Vol. XIV:

Page 5678, line 27, the word "favored" should be substituted for the words "was opposed to."

Vol. XXIV:

Page 10043, line 20, "September, 1910." should be substituted for "September 10th."

Vol. XXV:

Page 10456, line 24, the words "your output of bars for the different years" should be substituted for the words "your output for the different years."

UNITED STATES

vs.

UNITED STATES STEEL CORPORATION.

DEFENDANTS' EXHIBITS—VOLUME IX.

Defendants' Exhibit	*Subject*	*Page*
No. 213.	Duluth & Iron Range Railroad Company; statement of actual cost of road and equipment from ledgers and general books	672
No. 214.	Duluth & Iron Range Railroad Company; statement of cost of road and equipment based on actual engineering inventory	675
No. 215.	Duluth & Iron Range Railroad Company; cost of road and equipment based on appraisal by State of Minnesota, etc.	678
No. 216.	Duluth & Iron Range Railroad Company; summary of statistics, 1901-1913	681
No. 217.	Duluth, Missabe & Northern Railway Company; cost of railroad property, description of equipment, and amounts expended on property accounts	682
No. 218.	Duluth, Missabe & Northern Railway Company; statement of additions and betterments	685
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Defendants' Exhibit	*Subject*	*Page*
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No. 224a.	Extract from page 5 of "The Manufacture of Coke in 1912" regarding coal fields of the United States	706
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No. 227.	Extract entitled "The Trusts" from report of The Massachusetts Commission on Cost of Living, May, 1910	711

Defendants' Exhibit	*Subject*	*Page*
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No. 229.	Statement showing production of the Gary plants during 1908-1912	728
No. 230.	Eleventh Annual Report of the U. S. Steel Corporation for the fiscal year ended December 31, 1912	729
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No. 236.	Comparative statement of production by U. S. Steel Corporation and independent companies for the calendar years 1901 and 1912	740

Statement of Actual Cos

Prior to June 30th, 1907 it was allowab
Account, Income, Profit & Loss or speci
such actual Additions to the Investment

1 ROAD

1 Engineering
2 Right of Way and Station Grounds
3 Real Estate
4 Grading
5 Tunnels
6 Bridges, Trestles and Culverts
7 Ties
8 Rails
9 Frogs and Switches
10 Track Fastenings & Other Material
11 Ballast
12 Track Laying & Surfacing
13 Roadway Tools
14 Fencing Right of Way)
15 Crossings & Signs)
16 Interlocking & Other Signal Apparatus
17 Telegraph & Telephone Lines
18 Station Buildings & Fixtures
19 General Office Buildings & Fixtures
20 Shops, Enginehouses & Turntables
21 Shop Machinery & Tools
22 Water Stations
23 Fuel Stations
24 Grain Elevators
25 Storage Warehouses
26 Dock & Wharf Property:
(A) Ore Docks:
(a) Dock construction includin
foundation and pockeys

Defendants Exhibit 213

DEFENDANTS' EXHIBIT
Johnson No. 213
DATE Feb 11 - 1914

THE DULUTH & IRON RANGE R. R. CO.

(Sheet 1)

Cost of Road and Equipment as per Ledger entries to June 30th, 1913.

owable to make a distribution of charges for Additions & Betterments between Capital
pecial Funds at the option of the reporting carrier. This statement includes all
ment Cost of the Road.

	I ROAD		Forward	$18,309,733.05
$184,249.40	27	Electric Light Planys		75,647.14
5,083,969.71	28	Electric Power Plants		--
-1.00	29	Electric Power Transmission		--
4,655,234.41	30	Gas Producing Plants		--
--	31	Miscellaneous Strustures		64,404.76
460,057.46	32	Transportation of Men & Material		47,953.69
476,376.74	33	Rent of Equipment		--
1,294,518.98	34	Repairs of Equipment		--
183,027.59	35	Earnings & Operating Expenses During Construction		--
248,941.41	35½	Injuries to Persons		90.00
608,054.76	43	Law Expenses		3,516.64
368,465.43	44	Stationery & Printing		2,047.50
74.50	45	Insurance		422.18
	46	Taxes		--
66,572.13	47	Interest and Commission		656,520.44
11,869.51	48	Other Expenditures		72,466.81
126,346.49				
132,259.51			TOTAL ROAD	$19,232,802.21
2,951.53				
437,153.83	EQUIPMENT			
118,123.93				
89,031.93		Freight Cars	$5,093,227.73	
63,526.59		Passenger Cars	134,465.52	
--		Work Cars	150,032.55	
--		Floating Equipment	153,894.62	
		Locomotives	1,318,464.69	
ing			TOTAL EQUIPMENT	6,850,085.11
3,413,232.12				
	TOTAL COST ROAD AND EQUIPMENT, June 30th, 1912			$26,082,687.32

DEFENDANTS' EXHIBIT
Johnson No. 213
DATE Feb 11 - 1914

(Sheet 3)

DULUTH & IRON RANGE RAILROAD CO.

Classification of Additions and Betterments Charged to Other Than Investment Accounts from 1890 - 1907, Included in Statement on Page 1.

Right of Way and Station Grounds	$ 3,215.47
Engineering	10,777.62
Grading	1,232,420.40
Bridges, Trestles & Culverts	125,464.08
Ties,	27,357.76
Rails,	32,011.16
Frog and Switches,	6,677.25
Track Fastening,	10,810.16
Ballast	400.93
Track Laying and Surfacing	116,621.75
Roadway Tools,	74.50
Crossings and Signs,	75.00
Telegraph and Telephone Lines,	2,696.36
Station Buildings and Fixtures,	66,341.32
Shops, Engine Houses and Turntables,	53,171.81
Water Stations,	4,642.41
Fuel "	13,665.63
Miscellaneous Structures	1,292.90
Electric Light Plant,	64,659.82
Dock and Wharf Property,	518,199.90
Freight Charges during Construction	47,953.69
	$2,338,529.92

Defende

THE DULUTH & IRON

STATEMENT SHOWING COST OF ROAD AND EQUIPMENT TO JUNE 30th, 1913 -

FOR THE ORE RATE CASE BEFORE THE RAILROAD AND WAREHOUSE

SINCE

I.C.C. CLASSIFICATION.

I ROAD
1 Engineering
2 Right of Way and Station Grounds

Defendants' Exhibit 214

Page 1

DEFENDANTS' EXHIBIT
Johnson No. 214
DATE Feb 11- 1914

(sheet 1)

THE DULUTH & IRON RANGE RAILROAD COMPANY.

EQUIPMENT TO JUNE 30th, 1913 - BASED ON APPRAISAL MADE BY THE RAILROAD COMPANY AS OF APRIL 1, 1901,
ORE THE RAILROAD AND WAREHOUSE COMMISSION 1900-1901, PLUS ADDITIONS AND BETTERMENTS
SINCE THAT DATE.

ON.	COLUMN NO. 1	COLUMN NO. 2	COLUMN NO. 3	COLUMN NO. 4
	234,200.00	23,339.93		257,539.93
s	2,128,858.09	918.84		2,129,776.93

DEFENDANTS' EXHIBIT
Johnson No. 215
DATE Feb 11- 1914

(Sheet 2)

THE DULUTH & IRON RANGE RAILROAD COMPANY

	CLASSIFICATION FOR STATE OF MINNESOTA FOR RAILROAD VALUATION	COLUMN NO. 1	COLUMN NO. 2	COLUMN NO. 3	COLUMN NO. 4
36	Freight — Forward	17,994,595.90	5,696,645.74	343,265.25	24,034,506.89
36	Freight on Construction Material	151,278.78			151,278.78
	TOTAL OF ITEMS 1 to 36 inclusive	18,145,874.68	5,696,645.74	343,265.25	24,185,785.67
37	Contingencies 5% of total of Items 1 to 36 inclusive	869,020.71			869,020.71
38	Interest during Construction 4% of Cost of Reproduction, Items 1 to 36 inclusive excepting 2y (1 1/2 years)	1,009,742.48			1,009,742.48
	GRAND TOTAL	20,024,637.87	5,696,645.74	343,265.25	26,064,548.86

EXPIANATORY NOTES:

Column No. 1. appraisal made by Engineer Morgan of the State Commission on a reproduction basis, his Estimate "A" as reported on page [illegible] adjusted to December 31, 1906.

DEFENDANTS' EXHIBIT
Johnson No. 215
DATE Feb 11 - 1914

(Sheet 3)

THE DULUTH & IRON RANGE RAILROAD COMPANY.

Additions to Cost of Road, year ending June 30th, 1913

Engineering	$2,576.23
Right-of-way and Station Grounds	1,774.50
Grading	33,346.42
Bridges, Trestles and Culverts	10,148.92
Ties	15,881.85
Rails	26,142.32
Frogs and Switches	10,520.09
Track Fastenings & Other Material	6,436.03
Ballast	3,400.91
Track Laying & Surfacing	8,769.87
Fencing Right-of-Way	3,025,00
Crossings and Signs	6,255.35
Telegraph & Telephone Lines	239.98
Station Buildings & Fixtures	5,538.07
General Office Bldgs. & Fixtures	948.80
Shops, Enginehouses & Turntables	26,638.00
Water Stations	9,326.02
Fuel Stations	8,006.36
Dock & Wharf Property	56,858.31
Miscellaneous Structures	13,288.38
	$249,121.41

Additions to Cost of Equipment, year ending June 30th, 1913

Steam Locomotives	$191,074.37
Passenger Train Cars	39,180.45
Freight Train Cars	297,322.65
Work Equipment	600.00
	$526,977.47

SUMMARY

Cost of Road Equipment to June 30th, 1912 (page 2)	$26,064,548.86

THE DULUTH AND IRON RANGE RAILROAD COMPANY

DATE Feb 11- 1914

EAR ENDING JUNE 30TH	(1) ACTUAL NET PROFITS EARNED ON THE TOTAL INVESTMENT, PER EARNINGS REALIZED FOR EACH OF THE YEARS NAMED.	(2) REPRODUCTION COST OF ROAD & EQUIPMENT AS OF APRIL 1ST, 1901, PREPARED FOR THE ORE RATE CASE OF 1900-1901 BEFORE MINN,R.R.& W.H.COM. PLUS LEDGER COSTS OF ADDITIONS & BETTERMENTS TO ROAD & EQUIPMENT SINCE THAT DATE	PERCENTAGE OF TOTAL PROFITS TO THE TOTAL INVESTMENT, AS PER COLUMN #2	(3) STATE OF MINNESOTA APPRAISAL, BASED ON COST OF REPRODUCTION DEC.31,1906, PLUS LEDGER COSTS OF ADDITIONS & BETTERMENTS TO ROAD & EQUIPMENT SINCE THAT DATE	PERCENTAGE OF TOTAL PROFITS TO THE TOTAL INVESTMENT, AS PER COLUMN #3	(4) TOTAL INVESTMENT IN THE RAILROAD ON JUNE 30TH OF EACH OF THE YEARS NAMED, (LEDGER COSTS)	PERCENTAGE OF TOTAL PROFITS TO THE TOTAL INVESTMENT, AS PER COLUMN #4	(5) AMOUNT OF NET PROFITS WHICH WOULD HAVE BEEN EARNED IN THE YEARS NAMED ON BASIS OF THE RATES FOR TRANSPORTATION OF ORE FREIGHT IN EFFECT FROM NOVEMBER 30th, 1911.	(6) PERCENTAGE OF TOTAL PROFITS CALCULATED ON PRECEDING BASIS TO THE TOTAL INVESTMENT, AS PER COLUMN #4	(7) PERCENTAGE OF IRON ORE TRAFFIC TO THE ENTIRE FREIGHT TONNAGE
1901	$2,263,692.50	$17,851,032.33	12.68			$16,781,690.19	13.49	$1,242,224.69	7.40	81.1
1902	3,630,153.16	18,074,045.12	20.09			17,004,702.98	21.36	2,131,816.31	12.54	82.6
1903	3,578,574.23	18,650,040.09	19.19			17,580,697.95	20.35	2,137,710.93	12.16	80.4
1904	2,015,300.48	18,622,937.82	10.82			17,553,595.68	11.49	1,131,169.22	6.44	73.7
1905	4,458,114.06	19,468,261.48	22.90			18,398,919.34	24.23	2,884,583.09	15.68	85.2
1906	5,231,191.26	20,860,701.00	25.08			19,791,358.86	26.43	3,468,828.25	17.53	84.1
1907	4,882,838.00	22,526,037.29	21.68	21,438,356.69	22.78	21,456,695.15	22.75	2,972,982.51	13.86	87.3
1908	3,227,981.59	23,953,888.11	13.47	22,866,207.51	14.12	22,884,545.97	14.11	1,830,463.82	8.00	82.1
1909	3,933,407.27	24,427,766.88	16.10	23,340,086.28	16.85	23,358,424.67	16.84	2,396,899.32	10.26	85.8
1910	5,627,834.22	25,334,704.08	22.22	24,247,023.48	23.21	24,265,361.94	23.19	3,466,650.70	14.28	87.3
1911	3,987,724.93	26,542,816.14	15.02	25,455,135.54	15.66	25,473,474.00	15.65	2,397,474.01	9.41	80.1
1912	3,316,967.12	27,152,229.46	12.22	26,064,548.86	12.73	26,082,887.32	12.72	2,291,263.16	8.75	84.6
1913	3,382,172.40	27,928,328.34	12.11	26,840,647.74	12.60	26,858,986.20	12.59	3,382,172.40	12.11	88.0
erage per yr.	3,810,457.79	22,414,829.36	17.00	24,321,715.16	15.67	21,345,487.71	17.85	2,440,326.03	11.43	83.9

DEFENDANTS' EXHIBIT
Kempton No. 217
DATE Feb 11 — 1914

DULUTH, MISSABE & NORTHERN RAILWAY CO. (Sheet 2)

Description of Equipment on Hand June 30, 1912 and Actual Cost of Same.

CLASS OF EQUIPMENT	OWNED	ORIGINAL COST
Locomotives		
Passenger	7	90,627.97
Freight		
Mallet Type	8	277,225.48
Other Types	74	1,031,282.80
Switching	21	274,749.22
Total	110	1,673,885.47
Passenger Train Cars		
First Class	17	158,630.44
Second Class	6	38,828.95
Combination	6	27,686.85
Parlor		
Bag. Express & Mail	7	45,570.96
Other in P. Service	3	25,324.60
Total	39	296,041.80
Freight Train Cars		
Box	220	218,271.68
Flat	568	341,804.33
Stock	4	3,292.96

Defendants Exhibit 218.

DEFENDANTS' EXHIBIT
Knudson No. 218
DATE Feb 11- 1914

DULUTH, MISSABE & NORTHERN RAILWAY COMPANY

Additions and Betterments made to Road, charged to Operating Expenses or to Funds created by charges to Operating Expenses.

Year	For Mining & Log Tracks
To Dec. 31 1897	70,679.44
Year 1898	28,423.49
1899	25,178.49
1900	22,657.88
1901	18,219.17
1902	39,910.59
1903	35,129.29
1904	20,418.36
1905	76,195.40
1906	158,039.15
Total, - -	$ 494,851.26

Year	Buildings, Etc.,	
1904	Yardmaster's Office, Proctor, - - - - - -	394.20
	Addn. to Depot at Saginaw, - - - - - - -	250.66
	Addn. to Depot at Payne, - - - - - - - -	498.56
1905	Steel Tank at Proctor, - - - - - - - - -	7,515.53
	Depot at Adolph, - - - - - - - - - - - -	618.12
1906	Storm Sewer, Proctor, - - - - - - - - - -	10,301.61
	Steam Heating Plant, Proctor, - - - - - -	4,503.00
1905	Depot at Zim, - - - - - - - - - - - - - -	598.44
	Section House, Eveleth, - - - - - - - - -	1,240.00
1906	Depot at Proctor, - - - - - - - - - - - -	9,945.60
1905	Water Reservoir, Proctor, - - - - - - - -	29,622.77
1906	" " " - - - - - - - - -	13,978.94
1907	Sand House, Proctor, - - - - - - - - - -	3,406.24
		$82,873.67

Year	Miscellaneous	
1903	Fire Protection, Ore Docks, - - - - - - - - - - -	
	Turntable at Proctor, - - - - - - - - - - - - - -	
1906	Reduction Grade, Virginia Yard, - - - - - - - - -	
1907	Steel Trestle Cross-walk, Ore Dock, - - - - - - -	
	Ship Channel - Ore Docks, - - - - - - - - - - - -	
1906	Coal Dock, Iron Jct., - - - - - - - - - - - - - -	
1908	Office at Ore Docks, - - - - - - - - - - - - - - -	
1907	Telephone System, Ore Docks, - - - - - - - - - -	
1908	Steel Trestle over Tracks, Canisteo Mine, - - -	

Widening Roadbed & Extra Ballasting

To Dec. 31 1897	114,497.47	1905
w Ditches " "	10,998.80	1905
lling Trestles " "	23,964.83	1907

New Tracks

Eveleth Yard, - - - - - - - - - - - - - -	250.87
Burnett Station, - - - - - - - - - - - - -	357.03
Alborn Yard Tracks, - - - - - - - - - - -	4,280.13

Recapitulation

Mining and Log Tracks, - - - - - - - - - - - - - - -
Buildings, -
Yard Tracks -

Defendants Exhibit 219

DEFENDANTS' EXHIBIT
Kenyon No. 219
DATE Feb 11 1914

DULUTH, MISSABE & NORTHERN RAILWAY COMPANY.

Statement for the Seven Years ending June 30th, 1913.

Year Ending	Total Investment in the Railroad at the Close of each of the years named. Actual Cost.	Actual Net Profits Earned on the Total Investment per Earnings realized for each of the years named.	Percentage of Total Profits to the Total Investment.	Amount of Net Profits which would have been earned to the years named on basis of the rates for transportation of Ore Freight in effect from Nov. 30, 1911.	Percentage of Total Profits (calculated on preceding basis) to the Total Investment.	Percentage Iron Ore Traffic to the Entire Freight Tonnage
1907	$22,939,524.48	$6,328,900.31	27.60	$3,991,563.35	17.40	92.48
1908	24,042,146.88	5,474,238.33	22.77	3,472,695.93	14.44	92.76
1909	24,861,130.83	6,309,612.16	25.38	4,218,556.86	16.96	91.11
1910	26,396,546.50	9,199,877.14	34.85	6,266,833.44	23' 74	92.48
1911	28,902,741.95	5,542,677.71	19.17	3,531,070.95	12.22	87.03
1912	29,006,030.61	3,710,573.49	12.79	2,821,023.70	9.72	76.03
1913	29,793,406.55	4,287,927.27	14.39	4,287,927.27	14.39	87.87
Average Oer Year	$26,563,075.40	$5,836,258.05	21.97	$4,084,238.78	15.38	89.00

Defendants' Exhibit (Kempton) No. 220.

February 11, 1914.

DULUTH, MISSABE & NORTHERN RAILWAY CO.

STATEMENT.

Amount of Minnesota Railroad & Warehouse Commission Appraisal of 1906-1907 of the value of the Railroad Property, plus additions thereto for additional value invested in such property since the time the foregoing appraisal was made, down to June 30, 1912.

Cost of Reproduction per State Appraisal, copy of statement attached	$23,087,671.84

The Inventory of the property as made for the appraisal by the State of Minnesota comprehended completed work only. It covered *completed* work, although charges for construction were made in book accounts subsequent to the time of the inventory and appraisal.

For the purpose of bringing the total value of the property to June 30, 1912, based on the appraisal by the State as noted above, with the total actual expenditures for property unfinished at the time of the appraisal, together with the actual expenditures on account of Additions and Betterments commenced and acquired since the appraisal, we *add* to the amount of the appraisal, the total actual expenditures for the work unfinished at the time of appraisal and which was not taken into the inventory on account of being in an unfinished condition, also actual expenditures for Additions & Betterments commenced or acquired since the appraisal was made, viz.:

Land for Right of Way, Yards and Terminals	$107,534.78
Grade Reductions and Changes of Line	248,238.13

Bridges, Trestles & Culverts	46,571.74	
Increased Weight of Rail	20,896.37	
Additional Main Tracks	403,675.92	
Sidings and Spur Tracks	1,785,619.09	
Terminal Yards	505,901.06	
Fencing Right of Way	13,930.34	
Improvement of Crossings, Under or Over Grade	15,470.21	
Interlocking Apparatus	20,659.56	
Telegraph and Telephone Lines	998.62	
Station Buildings & Fixtures	62,839.37	
Shops, Engine Houses and Turntables	329,617.90	
Shops, Machinery & Tools	82,537.92	
Water & Fuel Stations	69,001.42	
Dock & Wharf Property	823,173.38	
Other Additions & Betterments	223,017.67	
New Road—		
18.15 miles "cut-off" double track line constructed to shorten distance to the Hibbing Mining District, also 53 miles single track branch line constructed. Total new line 71.15 miles	2,690,120.57	
Equipment (less equipment retired)		
Locomotives	439,752.04	
Passenger-train Cars	154,193.90	
Freight Train Cars	654,074.39	
Work Equipment	14,380.37	
Marine Equipment. (Fire Tug and Scow)	114,102.17	
		8,826,30
Carried forward		$31,913,97

Brought forward		$31,913,978.76
Less, Value of Property Abandoned—		
Main Line—A piece of track at end of line to Stony Brook, including land for Right of Way	$4,033.66	
Grade Reductions & Changes of Line—3.20 miles on Biwabik Branch, and 2.90 miles on Superior Branch, including Land for Right of Way	143,892.21	
Station Buildings and Fixtures	11,625.00	
Water and Fuel Stations	3,000.00	
Dock & Wharf Property—Portion of Ore Dock No. 1	445,733.68	
Other Additions & Betterments—		
Miscellaneous Structures	2,025.00	610,309.55
TOTAL VALUE JUNE 30TH, 1912		$31,303,669.21

DULUTH, MISSABE & NORTHERN RAILWAY CO.

APPRAISAL OF 1906-1907.

The Appraisal made by the Railroad and Warehouse Commission of the State of Minnesota of the railroad property, contemplated including only such work as was fully completed. For that reason the following expenditures made prior to June 30th, 1907, on construction work under way when appraisal was made should be added in order to bring the total value or expenditures to June 30th, 1907.

State Appraisal of Completed work		$23,087,671.84
Add for:		
Right of Way and Station Grounds	$ 141,396.53	
Grade Reductions and Changes of Line	15,883.28	
Sidings and Spur Tracks	401,539.49	
Interlocking Apparatus	778.09	
Shops, Engine houses and Turntables	86,328.31	

Shop Machinery and Tools	8,590.18	
Water and Fuel Stations	59,412.80	
Dock and Wharf Property	283,101.82	
Terminal Yards	206,870.92	
53 Miles Branch Line Track	1,748,190.60	
Miscellaneous Items of Construction	54,142.38	3,006,234.40
Total of Appraisal adjusted to June 30th, 1907		$26,093,906.24

DULUTH, MISSABE & NORTHERN RAILWAY CO.

ESTIMATE "A."

MINNESOTA RAILROAD & WAREHOUSE COMMISSION RAILROAD APPRAISAL FOR 1906-1907.

FINAL SUMMARY SHEET.

Name of Operating Company—DULUTH, MISSABE & NORTHERN RY.

1. Land for Right of Way, Yards and Terminals	842,419.93
2. Grading, Clearing and Grubbing	2,271,726.60
3. Protection Work, Rip Rap, Retaining Walls	2,160.00
4. Tunnels	None
5. Cross Ties and Switch Ties	430,351.31
6. Ballast	544,961.63
7. Rails	1,210,289.38
8. Track Fastenings	302,822.19
9. Switches, Frogs and Railroad Crossings	76,872.55
10. Track Laying and Surfacing	180,442.00
11. Bridges, Trestles and Culverts	897,771.84
12. Track and Bridge Tools	7,260.83
13. Fences, Cattle Guards and Signs	22,263.97
14. Stock Yards and Appurtenances	568.00
15. Water Stations	46,154.08
16. Coal Stations	43,908.00
17. Station Buildings and Fixtures	86,146.35
18. Miscellaneous Buildings	104,471.00
19. Steam & Electric Power Plants, Gas Plants	26,519.69

20. General Repair Shops	180,718.00
21. Shop Machinery and Tools	44,668.35
22. Engine houses, Turntables and Cinder Pits	70,485.00
23. Track Scales	7,100.00
24. Docks and Wharves (Incl. coal and ore docks)	3,361,518.48
25. Interlocking Plants	7,540.00
26. Signal Apparatus	588.50
27. Telegraph Lines and Appurtenances	19,348.24
28. Telephone Lines and Appurtenances	177.00
29. Adaptation and Solidification of Roadbed	380,993.87
Total of items 1 to 29 inclusive	$11,170,246.79
30. Engineering, Superintendence, Legal Expenses, 4½%	502,661.10
Total of items 1 to 30 inclusive	$11,672,907.89
31. Locomotives	1,302,592.36
32. Passenger Equipment	169,872.00
33. Freight Car Equipment	7,164,687.00
34. Miscellaneous Equipment	180,801.00
35. Marine Equipment	None
Total of items 1 to 35 inclusive	$20,490,860.25
36. Freight on construction material	123,789.53
Total of items 1 to 36 inclusive	$20,614,649.78
37. *Contingencies, 5% on total of items 1 to 36	1,030,732.49
Stores and Supplies in Minnesota	228,270.22
Interest during construction 4% on the cost of reproduction, items 1 to 36, inclusive, except item 29 (1½ years)	1,214,019.35
GRAND TOTALS	$23,087,671.84

* For cross ties, rails, track fastenings, switches and frogs.

By:

DWIGHT C. MORGAN,

Engineer Railroad & Warehouse Commission.

Defendants Exhibit 221

DEFENDANTS' EXHIBIT
Kemptond No. 221
DATE Feb 11- 1914

DULUTH, MISSABE & NORTHERN RAILWAY COMPANY

Statement of Earnings and Percent Earned on Investment, Years Ending June 30th.

Year Ending June 30th	Total Investment in the Railroad at the close of each of the years named. Based on State Appraisal 1906-1907	Actual Net Profits Earned on the Total Investment per earnings realized.	Percentage of Total Profits to the Total Investment.	Amt. of Net Profits which would have been earned on basis of 60¢ per Gross Ton for Transp. Ore Frt. (Taxes Adjusted)	Percentage of Profits to the Total Investment.
1907	26,093,906.24	6,328,900.31	24.25	3,991,563.35	15.30
1908	26,579,880.74	5,474,238.33	20.59	3,472,695.93	13.06
1909	27,378,338.69	6,309,612.16	23.05	4,218,556.86	15.41
1910	28,866,392.68	9,199,877.14	31.87	6,266,833.44	21.71
1911	31,265,307.89	5,542,677.71	17.73	3,531,070.95	11.29
1912	31,303,669.21	3,710,573.49	11.85	2,821,023.70	9.01
1913	32,091,045.15	4,287,927.27	13.36	4,287,927.27	13.36
Average per year	29,082,648.65	5,836,258.05	20.07	4,084,238.78	14.04

Defendants' Exhibit No. 222-a.

February 11, 1914.

(Extract from page 7 of "The Manufacture of Coke in 1900," U. S. Geological Survey.)

The brisk demand which prevailed in 1899 and the earlier months of 1900 caused an active search for new coking coal fields, which resulted in the development of a new area in Fayette County, Pennsylvania. This region promises to be one of the most important coke-producing districts of the State. It is located a short distance west of the southern ei of the Connellsville basin, from which it is separated by what has been designated by Mr. M. R. Campbell, of the United States Geological Survey, as the Fayette anticline. About 1,500 ovens were completed in this district in 1900, and 1,112 more were in course of construction at the end of the year.

The increased activity in the coking industry was general throughout all the coke-producing States. This is shown by the fact that the total number of coke ovens in existence increased from 49,667 in 1899 to 58,484 in 1900, while there were 5,804 additional ovens in course of construction at the end of the year. This increase in ovens built, and also the number of ovens in course of construction, were unprecedented.

Defendants' Exhibit No. 222-b.

February 11, 1914.

(Extract from page 26 of "The Manufacture of Coke in 1900," U. S. Geological Survey.)

RECORD OF BY-PRODUCT COKE MAKING SINCE 1893.

Year.	Ovens. Built	Ovens. Building	Product. Short tons
1893	12	0	12,850
1894	12	60	16,500
1895	a 72	60	18,521
1896	160	120	83,038
1897	280	240	261,912
1898	b 520	c 500	294,445
1899	d 1,020	e 65	906,534
1900	f 1,085	g 1,096	1,075,727

a Sixty of these ovens did not begin making coke until 1896.
b Includes 280 Semet-Solvay, 180 Otto-Hoffman, and 60 Newton-Chambers.
c All Otto-Hoffman.
d Includes 280 Semet-Solvay, 680 Otto-Hoffman, and 60 Newton-Chambers.
e Semet-Solvay.
f Includes 345 Semet-Solvay, 680 Otto-Hoffman, and 60 Newton-Chambers.
g Includes 150 Semet-Solvay and 946 Otto-Hoffman.

Defendants' Exhibit No. 222-c.

February 11, 1914.

(Extract from pages 67-68 of "The Manufacture of Coke in 1900," U. S. Geological Survey.)

Lower Connellsville district. This district includes coke ovens located in the Masontown or so-called "Klondike" field and other coking plants near and south of the Connellsville district, whose coking coal is of the same character. All the ovens in this district were either building or completed in 1900, none being in operation more than seven months. The first coke was drawn on June 1, 1900.

The coal of this field is slightly harder than the main Connellsville article. In coke-oven operation here many new features have been introduced, and in this way the product is kept on a par with the original Connellsville coke. In mine operation electricity is employed in almost every process. The drift, slope, and shaft mines are lighted with electricity almost to the workings, electric mining machines have been installed, and electric haulage is used. The shaft machinery is manipulated by electricity, and the same may be said of tipple operation. Electricity has supplanted the old larry in conveying the raw coal to the ovens, and electric and automatic coke drawers and machinery for loading the finished coke on the cars for shipment is used. There have also been numerous improvements in the ovens. They are larger in size than those of the main Connellsville region, and they have decided improvements in the way of draft and other modern construction. Thus has this region, comparatively recently an ideal farming community, been turned into a great coking field, whose growth and development as such has been unparalleled in the history of industrial development. Like those of the main Connellsville region, the ovens of this new field are of the beehive pattern.

The development of this new coking field is one of the most remarkable features of the coke-making industry during 1900. The popular name of Klondike was given to it by the pro-

moters of some of the enterprises in the field, but on account of its location relative to the Connellsville basins the designation of Lower Connellsville has been considered more appropriate. The coal is said to be as well adapted for coke making as the Connellsville coal itself, and the coke is also claimed to be as good as standard Connellsville coke. No work in this district had been started at the beginning of 1900. At the close of the year there were 10 establishments in the field, 1,498 ovens had been built, 1,112 ovens were in course of construction, and a production of 111,379 short tons of coke had been obtained. The area of this new field is said to be about 100 square miles, or about one-half of the main Connellsville basin.

The following table shows the record of the Lower Connellsville or Klondike district for 1900:

Statistics of manufacture of coke in the Lower Connellsville district, Pennsylvania, in the year 1900.

Establishments		10
Ovens built		1,498
Ovens building		1,112
Coke produced	tons	111,379
Value of coke produced		$220,137
Value per ton of coke produced		$1,976
Coal used	tons	170,590
Yield of coal in coke	per cent.	65.3

Defendants' Exhibit No. 223-a
February 11, 1914

(Extract from page 13 of "The Manufacture of Coke in 1901"
U. S. Geological Survey.)

NUMBER OF COKE OVENS IN EACH STATE AT THE CLOSE OF EACH YEAR FROM 1897 TO 1901 INCLUSIVE

State or Territory	1897	1898	1899	1900	1901
Alabama	5,365	5,456	5,599	6,529	7,136
Colorado	1,273	1,253	1,243	1,488	2,060
Georgia	300	350	350	480	510
Illinois	126	126	130	154	154
Indiana	94	94	52	54	54
Indian Territory	130	130	130	230	230
Kansas	57	47	95	91	98
Kentucky	268	292	300	458	461
Massachusetts	.....	.....	400	400	400
Michigan	.....	.....	.....	.....	30
Missouri	15	8	12	10	9
Montana	303	318	303	342	328
New Mexico	126	126	126	126	126
New York	25	25	25	30	30
Ohio	433	441	385	369	419
Pennsylvania	26,910	27,157	27,591	32,548	34,906

Defendants' Exhibit No. 223-b.

February 11, 1914.

xtract from page 49 of "The Manufacture of Coke in 1901" U. S. Geological Survey.)

PENNSYLVANIA.

Pennsylvania holds an even higher relative position as a e producer than it does as a coal producer. The State redited with about 55 per cent. of the total coal product he United States. As a coke producer it contributes from o 70 per cent. of the total product. In 1901 Pennsylvania duced 66 per cent. of the total. Moreover, 75 per cent. of entire increase in coke production in 1901, as compared 1900, was made in Pennsylvania. The coke product of State in 1901 amounted to 14,355,917 short tons, valued at 066,361, as compared with 13,357,295 short tons, valued 9,692,258, in 1900. This indicates an increase of 998,622 t tons, or 7.4 per cent. in production, and a decrease in e of $2,625,897, the average price per ton declining from in 1900 to $1.885 in 1901. The Connellsville region was nsible for the principal decline in value, for with an in- se of about 200,000 tons the value fell off over $3,000,000 is the most important coke-producing region of the State. average price of Connellsville coke declined from $2.23 in to $1.873 in 1901, the average price for Connellsville being less than the general average for the State.

he increase in production of coke in Pennsylvania in 1901 largely due to the development of the Lower Connells- or "Klondike" region, the opening of which was men- l in this report for 1900. The first ovens built in this territory were completed in the early part of 1900. The oke was drawn on June 1 of that year. On December 31 s shown that there were 2,033 ovens built, with 1,112 ing. The coke product amounted to 385,909 short tons. e close of 1901 there were completed in this district 3,251 and the product amounted to 1,116,379 short tons, an in- e of 730,470 tons over the preceding year.

The total number of ovens completed in Pennsylvania at the close of 1901 was 34,906, an increase of 2,358 ovens over 1900. Of the completed ovens in 1901, 1,239 were idle throughout the year. Some of these idle ovens were new ones, completed near the end of the year, and were not put in blast in time to report any production for 1901.

Defendants' Exhibit No. 223-c.

February 11, 1914.

(Extract from page 51 of "The Manufacture of Coke in 1901" U. S. Geological Survey.)

PRODUCTION BY DISTRICTS.

The coke-producing regions of Pennsylvania were divided by the late Joseph D. Weeks into certain well-defined districts. Such division was made after a careful study not only of the geographic boundaries, but also of the quality of coal mined, and the coke produced. They have been described somewhat fully in preceding volumes of Mineral Resources. As previously stated, a new district was added to the list in 1900, in what has been commonly known as the "Klondike" district, an extension southwest of the Connellsville Basin, which, on account of its position in relation to the Connellsville district, and also from the fact that the coal is not dissimilar to the Connellsville coal, and produces a high grade of Connellsville coke, is designated in this report "Lower Connellsville."

(Extract from page 63 cey)

Lower Connellsville district.-ike, is an extension of the Connellsville basin 899 and completed in 1900, the first coke being drawr033 ovens completed in the district. The produc of 60 per cent in the number of ovens was noted ir 200 per cent, to 1,116,379 short tons.

The record of the district forn in the following table:

STATISTICS OF MANUFACTU901.

Year	Establishments	Ove coke ens		Yield of coal in coke
		Built	ton	
				Per cent
1900.....	12	2,033	05	66.5
1901.....	17	3,251	784	66.9

Defendants' Exhibit No. 223-e.

February 11, 1914.

(Extract from page 74 of "The Manufacture of Coke in 1901" U. S. Geological Survey.)

Pocahontas—Flat Top district.—Next to the Connellsville district of Pennsylvania, this is the most important coke-producing district in the United States, and outside of Pennsylvania and Alabama produces more coke than any other single State. Like the Connellsville product, the coke of the Flat Top region makes an ideal fuel for blast-furnace purposes. It is chemically superior to the Connellsville, as it is lower in mineral contents, or ash, and is regarded by some iron masters as equal in physical properties to Connellsville coke. The production of the district in 1901 was 1,160,856 short tons, compared with 1,208,838 short tons in 1900.

Defendants' Exhibit No. 223-f.

February 11, 1914.

(Extract from page 75 of "The Manufacture of Coke in 1901" U. S. Geological Survey.)

New River district.—This district includes the ovens along the Chesapeake and Ohio Railroad and New River from Quinnimont to Nuttallburg. The coal from which the coke is made is similar in many respects to that of the Flat Top region, and the coke product is highly prized as a blast-furnace fuel. This is the only district in the State in which the production in 1901 was larger than that of the preceding year. The product last year amounted to 399,373 tons, an increase of 57,846 tons over 1900, and was the largest output in the history of the district.

Defendants' Exhibit No. 224-a.

February 11, 1914.

(Extract from page 5 of "The Manufacture of Coke in 1912" U. S. Geological Survey.)

Of the great coal fields of the United States, the principal source of high-grade coking coal is the fields of the Appalachian province which extend from Pennsylvania on the north to Alabama on the south. As a usual thing the better class of coking coals lie in the eastern half of this elongated area. Coke is made, however, from the coals of all of the large bituminous regions or fields, which may be designated as follows:

1. The Appalachian region, embracing the great coking-coal fields of Pennsylvania, Virginia, West Virginia, Ohio, eastern Kentucky, Tennessee, Alabama, and Georgia.

2. The eastern interior region, which includes the coal fields of Illinois, Indiana, and western Kentucky.

3. The western interior region, embracing the States of Iowa, Kansas, Missouri, Nebraska, Oklahoma, and Arkansas.

4. The Rocky Mountain region, contained within the States of Colorado, New Mexico, Utah, Montana, and Wyoming.

5. The Pacific coast region, in which the only coking coals are found in the State of Washington.

Defendants' Exhibit No. 225.

February 11, 1914.

(Extract from page 27 of "The Production of Coal in 1910" U. S. Geological Survey.)

According to the revised estimates, the supply of coal in the ground when mining began was 3,076,204,000,000 short tons, of which 1,922,979,000,000 are considered to be easily accessible, and 1,153,225,000,000 short tons to be either so deep or the beds so thin that they are accessible only with difficulty. Classified according to the character of the coal, the original supply consisted of 21,000,000,000 short tons of anthracite, 1,661,457,000,000 tons of bituminous coal, 650,157,000,000 tons of subbituminous coal, and 743,590,000,000 tons of lignite. The total production at the close of 1910 was 8,243,351,259 short tons, which, including the loss involved in the mining and preparation of the coal, represents an exhaustion of 13,395,000,000 tons. The original supply less the exhaustion at the close of 1910, leaves as the apparent supply still available 3,062,808,972,000 tons, or 99.6 per cent. of the original supply, or in other words, in all the time since coal mining began in the United States, the draft upon the original supply including loss in mining, has amounted to less than one-half of 1 per cent. The annual rate of exhaustion at the present time as represented by the production of 1910 is 0.025 of 1 per cent. of the supply. The quantity of coal still in the ground at the close of 1910 was 6,000 times the production of that year.

MAPS

TOO

LARGE

FOR

FILMING

Defendants' Exhibit (Jenks) No. 227.

February 17, 1914.

(Extract from pages 389-391 of the Report of the Massachusetts Commission on the Cost of Living, May, 1910.)

E. THE TRUSTS.

The influence of trusts upon prices was investigated at the request of the commission by Prof. J. W. Jenks of Cornell University. The previous investigation of this subject, made by Professor Jenks for the Industrial Commission about ten years ago, gave him unusual qualifications for undertaking this further inquiry. The report of Professor Jenks is submitted as the report of the commission. His views are accepted and presented by the commission as representing its views regarding the effect of the trusts upon the movement of prices in general and the recent advance of prices in particular.

In considering the influence of trusts on prices, the fact should first be noted that the general advance in prices has not been confined to the United States, but has been world-wide. Moreover, the increase has not been confined to any one line of industry, but, with here and there an exception, all prices have risen. In consequence, the cause must be a general one—practically universal. The only cause which will affect all prices in civilized countries in much the same way is a cause that has to do with a standard of measurement of prices—in other words, gold. There can be no question, as the commission reports elsewhere, that there has been this general increase in prices mentioned, and that at the same time there has been an increase in the output of gold, the monetary standard of the civilized world, sufficient to decrease materially its value as compared with the values of other goods, and in consequence to increase prices.

Nevertheless, the trusts have also doubtless had their influence either one way or the other, and this influence demands detailed study. In order to get anything like an accurate estimate of this influence, a comparative study must be made of as many special articles as possible that are manu-

factured by the trusts, comparing the course of these prices with the course of prices of articles manufactured by independent competitors. Such a comparative study will enable us to see the apparent influence of the trusts, and will assist us to reach some reasonable conclusions.

Before citing definite figures, however, and charting them, we may well ask what the conditions of modern business would lead us to expect from the trusts.

The organizers of the great industrial combinations have usually asserted that they expect through the savings which can be made by combination, to produce at much less cost than was possible under a system of competition, with its many wastes. They claim that the trusts make large savings in freight charges; in running the best plants at full capacity, while closing those less favorably equipped or situated; in the more advantageous distribution of material and orders, so as to save labor; in the most effective use of the ability of experts and of superintendents, by giving to each the opportunity to spend his full time on work for which he is best equipped; in doing away with competitive advertising; with useless duplication of selling agents and of other classes of a labor force; and in many other ways. It has indeed been clearly demonstrated that some of these savings can be made by a wisely managed combination under many conditions, so that the cost of production may be in many instances considerably decreased.

On the other hand, it has been established in certain cases that, although the trust manufacturers might at times produce more cheaply than their competitors, they have not always found it advisable to reduce their selling prices to an extent corresponding to the saving in the cost of production. Instead, they have increased their prices.

In other cases experience seems to have shown the managers of some of the larger combinations that it is good policy not to exploit the public too far by pushing prices very high, even when monopolistic power would permit such action, since it has been found that high prices call in new competitors, who in turn must be bought off or whose lower prices must be met at considerable loss. Some of the larger com-

binations, therefore, have thought it wise to maintain reasonable prices, so low that they would not tempt many competitors into the field, being thus satisfied with good profits that were steady, instead of with first high profits and then low profits or none at all.

Again, the trusts have sometimes fixed prices at a certain rate and maintained them steady under changing conditions and varying costs of production, thus securing the confidence of customers, producers in other lines and of the public. To steady prices has seemed to be the object, rather than to seize every opportunity of securing high prices.

Defendants' Exhibit (Jenks) No. 228.

February 17, 1914.

(Extract from pages 410-423 of the Report of the Massachusetts Commission on the Cost of Living, May, 1910.)

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4. Iron and Steel.

The three diagrams representing the iron and steel trades show in a very striking way the influence of pools and industrial combinations in a number of instances, the influence at some times seeming apparently very unfavorable to the consuming public, at other times favorable. There is perhaps nothing in any of the diagrams to indicate that the combinations have had any material effect in increasing the cost of living during the last few years, especially the last two years. It is nevertheless of material importance to note the effects of the combinations, whether favorable or unfavorable.

Nails and Wire.—On Diagram IV. we find illustrated the price of steel billets (D), which, for our purposes, may be considered the raw material, together with the price of wire nails (C), that of smooth wire (B) and that of galvanized barb wire (A). The line E represents the margin between steel billets and wire nails. Inasmuch as during the last few years, since the organization of the United States Steel Corporation, the fluctuations in smooth wire, barb wire and wire

nails have been quite similar, it has been thought best not to render the diagram confusing by multiplying the number of these original lines.

If we note this line E carefully, we shall see that during the earlier period presented, especially from the years 1890 to 1895, there was a steady decline in the margin as well as in the price of both steel billets and wire nails, the fall in the price of nails being more rapid than in that of steel billets, until, in 1894 and the early part of 1895, the cost of production plus the profit of the nails if figured on this basis amounted to not much more than 25 cents a hundred pounds.

During the latter part of 1895 there was a very sudden and rapid rise not merely in the price of wire nails but also in the margin, showing a very decided increase in profits. A second rise, although not so great, was made in the earlier part of 1896, the margin also increasing almost proportionately. It will be noted also that there was a slight increase in the price of steel billets, but no large increase,—nothing that in any way corresponded to the very rapid increase in the price of wire nails, and this price soon lessened. This great increase in the price as well as in the profit was caused by the formation of the wire nail pool. It seems clear that the makers of this pool did not expect to be able to hold their monopoly for any great length of time, and that in consequence they thought it best to push their advantage as hard as possible for the time being, feeling certain that in the not distant future competitors would come into the field, so that their prices would again need to fall. It takes time, of course, to build new competing plants; and in the case of industries such as those of steel a well-organized pool can, if it wishes, practically control the market for a considerable length of time. Their prices increased rapidly from $1.45 a hundred to $1.68, to $2.25, to $2.55, where it held for six months, before the break came. At the end of that time, after some eighteen months of practical monopoly, competitors had succeeded in providing facilities for manufacture, so that the pool was broken and prices fell back to a competitive rate, though not so low as they had been before the organization of the pool. It seems probable that the boldness of the pool managers in

pushing prices so high even extended the time of the monopoly. Competitors enough to break the pool would have arisen sooner, had not each one anticipated its speedy collapse on account of its high prices promising enormous profits. Each believed that some one else must very soon enter the field.

Even after the break in the wire nail pool, the margin during the years 1897 and 1898 remained considerably higher than it had been for three years before the formation of the pool, with, however, a slight decline. It seems probable that the margin during the years before the formation of the pool had been so low that the business was really unprofitable.

In January, 1899, the American Steel and Wire Company, which controlled from 65 per cent. to at times even as high as 95 per cent. of the output of wire nails, was formed. Moreover, at the beginning of 1899 there came a very strong and rapidly increasing demand for steel products of all kinds. The price of steel billets and pig iron as the raw material and the price of all kinds of steel manufactures rose very rapidly in consequence. Even then it was not possible for manufacturers to meet fully the demand. It will be noted that the margin of profit on steel nails increased also readily, although not quite so rapidly as did the price of steel billets. Besides the increase in profit which doubtless was made by the American Steel and Wire Company, there was also an increase in the cost of production of nails that explains part of this increase in the margin. First, there had been a decided increase in the wages of the laborers engaged in the manufacture of wire and wire nails. From testimony given before the Industrial Commission, this increase in wages among workers in this class was greater than that among the laborers engaged in the manufacture of steel billets, so that this would normally bring about more increase in the margin.

Another reason for the increase in the margin is the additional cost of waste. There is always, of course, a considerable waste in turning the raw material, steel billets, into wire and wire nails. If, for example, the loss were 5 per cent. in the case of steel valued at $15 a ton, it would amount to 75 cents; whereas, if steel were $30 a ton, the loss would be $1.50.

During this period of increased prices steel more than doubled in price. In consequence, with the same profit, the margin should have increased quite noticeably. On the whole, however, both from the diagram and from outside testimony, there can be no doubt that the wire company decidedly increased its profits during this period of the rise in price.

In October, 1899, occurred a fall in the price of steel billets; but, while the price of nails was put down a little, shortly afterward another increase followed, so that during the early part of 1900 the profits again increased.

It is fair to say that, even without any combination on the part of the manufacturers, there would in all probability have been a decided increase not merely in the price of the finished product, but also in the margin between the crude and the finished product, on account of the enormous demand. The testimony seemed to be uniform that none of the manufacturers in any of these finished products of steel were able to meet the demand. It seems likely, however, that the combination was able to take advantage of the opportunity rather better than the individual manufacturers could have done.

While the diagram represents the general market conditions as they were furnished to the "Iron Age," it is probable that they do not represent with entire accuracy the actual conditions in the steel trade. Each manufacturer made his sales independently, and these sales were frequently made by contracts extending over a period of some months. In the case of some contracts, such as those for rails or beams, the period was sometimes as long as from one to two years. In consequence of that business custom, the majority of the manufacturers of steel might well have been furnishing their output on a contract price fixed six months before, while a few manufacturers making late sales might have been obtaining a price 50 per cent. higher. On the other hand, during the first half of the year 1899 probably the market prices were considerably higher than those actually realized by the manufacturers. When the sharp fall in prices came, early in 1900, of course the situation was reversed, and some manufacturers were delivering output at a price decidedly above that quoted in the market. Taking all of these circumstances into

account, it seems nevertheless true that the diagram throughout represents fairly well the changing conditions of business during the period covered.

The very high prices of 1899 led, as was to be expected, of course, to the usual result. The very great demand followed by the high prices gradually slackened, while the production continued until there were large stocks in many instances on the market. The awakening to the new situation came very suddenly. In April the chairman of the American Steel and Wire Company suddenly ordered a shutdown of a number of mills of that company, and, in addition to that, gave expression to a number of pessimistic opinions regarding the state of the steel trade, saying that he thought the trade was in a very dangerous condition. Naturally, sharp declines in prices followed not merely in nails, but in smooth wire, barb wire and in all other lines of products. The declines were followed promptly by others, and yet there was a decided stagnation in the market. The decline in steel billets, that had begun in the latter part of 1899, continued through most of the year 1900. The large profits shown in wire nails declined promptly; but, as the price of steel billets continued to go down after the fall in the price of nails was checked, the margin rose again and continued high until the increasing price of steel billets in 1901 and 1902 brought the margin back again to about the position where it had been after the breaking of the nail pool in 1896, and before the formation of the Steel and Wire Company in 1899. With more or less fluctuations, the margin has remained through the changing prices of steel-billets and nails much the same from 1902 and 1903 until the present time.

The Carnegie Company was organized in 1900, and its new reorganization was followed in the early part of 1901 by the organization of the United States Steel Corporation, an organization which took over not merely the Carnegie Company and the American Steel and Wire Company, but also a number of other leading manufacturers of finished steel of various kinds. The policy of the United States Steel Corporation appears in the prices not merely of steel nails, but perhaps even in a more striking way, as it appears on the

diagram, in the prices of barb wire and smooth wire. It will be noted that the prices of both barb wire (line A) and smooth wire (line B), the second line beginning only in 1895, have since 1895 followed very steadily the prices of steel billets. Before that date the price of barb wire, as in the case of wire nails, was falling more rapidly than that of steel billets. In very many cases the fluctuations seem to go almost regularly with the price of the billets. Since the organization of the Steel and Wire Company, in 1899, followed by that of the Carnegie Company and then that of the United States Steel Corporation, there comes a decided change in the appearance of these lines on the diagram. It will be noted that the price once established is likely to be maintained for a period of some months without any change; that there comes then a sudden change, either up or down, and the price is again maintained in some instances for nearly two years. Although these prices correspond in a general way to the prices of steel billets, those prices vary almost from month to month, while the prices of these finished products change much less often.

It will be noted that the price of neither smooth wire nor of barb wire followed regularly the price of wire nails at the time of the wire nail pool, in 1895-96, although there was a sudden increase in the price of barb wire, followed by an immediate decline.

Through the ownership of patents, the American Steel and Wire Company, now owned by the United States Steel Corporation, has a legal monopoly in barb wire, so that we should expect a wide margin between the price of steel billets and of barb wire. It is possible that this margin, which is so much wider than that between the billets and either smooth wire or wire nails, is due in part to an increased cost of manufacture; but it is probably due more to this legal monopoly, coming from the ownership and combination of the different patents. Although the difference between the price of barb wire and of steel billets increased very rapidly during 1899 and the earlier part of 1900, its increase was not much more rapid than that in the price of wire nails and of smooth wire. There can be little doubt that the great increase in the price of all these products was at that time due chiefly to the in-

crease in the price of raw material, and the strong demand. The combination, however, seems to have enabled its managers to make the best use of its opportunities, for the margin as well as the price increased rapidly from the date of the combination. After the formation of the United States Steel Corporation, however, a new policy seems to have been adopted,—that of maintaining good profits, but not extraordinary ones. The steadiness of the margin, as shown in line E on Diagram IV., after the formation of the Steel Corporation, is quite noteworthy, as compared with the enormous fluctuations for the six or eight years preceding.

Steel Rails and Beams.—Turning now to Diagram V., the main points to be noted are the apparent effects of the organization of these great combinations upon the prices of steel rails and steel beams. It has seemed best to introduce in this diagram also (line B) the price of Bessemer pig iron, which is used as a raw material for steel billets, as represented in line A. The perpendicular distance between these two is represented in line C, indicating what might be looked upon as the cost of the production of steel from iron plus the profit. The line D represents the price of steel rails. The line F represents the price of steel beams. The line E represents the perpendicular difference between line B, representing Bessemer pig iron, and line D, representing steel rails, it seeming best in this instance to look upon pig iron as the raw material for the manufacture of steel rails; while the line G, representing the perpendicular distance between the lines F and A, indicates the cost of production plus the profits in the manufacture of steel beams from the crude steel.

It must be borne in mind, of course, that these indications of the margin are in the case of the manufacture of steel of these various kinds nowhere nearly so true an indication of the profits plus the cost of production as is to be found in the case of the margin between raw and refined sugar or crude and refined oil. Many more factors should be taken into consideration. Without, therefore, dwelling too emphatically upon the margin, there are some very interesting points to be noted as regards the influence of the corporations upon the prices.

The course of prices of steel rails and of the various forms of structural steel—beams, plates, etc.—took the same upward course in the year 1899 that we have already noted in connection with barb wire, smooth wire and wire nails. The demand was if anything even more insistent than for wire, and the margin of profit during the latter part of 1899 and especially during the first half of 1900 increased very rapidly. At substantially the same time that the break occurred in the wire industry came the break likewise in steel rails and structural steel, as shown in the diagram, lines D and F. Part of this fall in price was doubtless a direct result of the request on the part of John W. Gates, chairman of the American Steel and Wire Company, to delay temporarily deliveries of 50,000 tons of steel which he had previously ordered from the Federal Steel Company. This delay of delivery necessitated the closing of the mills of the Federal Steel Company, engaged in filling the order, and the iron and steel markets became in general much unsettled. The organization of the new Carnegie Steel Company was effected about the middle of 1900, but this apparently produced little if any effect upon prices. Early in 1901, with an increase in the price of steel billets and of pig iron, came also a slight recovery in the price of steel rails and of steel beams. Rails had fallen in the latter part of 1899 and through the first half of 1900 from $35 a ton, where, with the exception of one month, they had been maintained for nearly a year, to $26. About the time of the organization of the United States Steel Corporation, in February, 1901, the price was raised to $28. From that time to the present there has been no variation.

This absolute maintenance of an unvarying price for steel rails, through a period which has now lasted some nine years, regardless of fluctuations in the price of pig iron, of coal, of ore, of wages, is perhaps the most striking manifestation of the power of a great industrial corporation that our history affords. During the brief period of strong demand and of increased prices in 1902 and the earlier part of 1903, when it would have been easily possible to increase the price of rails by several dollars a ton, no change was made; on the other hand, during the years 1903 and 1904, in the period of

depression, when the demand was relatively small and the prices of other grades of iron and steel were falling, the price of steel rails remained unchanged. During the succeeding years of 1905, 1906 and the early part of 1907, with prices in all lines rapidly increasing, with the demand for not merely other kinds of steel but also for steel rails rapidly on the increase, in some instances the demand being greater than could be met for prompt delivery, the corporation still refused to increase the price, although its smaller rivals would have been glad of the opportunity; and again, after the crisis of 1907, throughout the period of depression of 1908 and further throughout the period of recovery of 1909, although the demand fell off to almost nothing after the crisis, and finally with a strong demand through 1909, the price has been maintained at the unvarying rate.

If one were to compare the margin between the price of steel rails and of its normal raw material, pig iron or steel billets, it would appear that the marginal cost of manufacture plus the profits had at times increased with the fall in the price of raw material, and at other times had decreased rapidly, as the price of the raw material, iron and steel, has increased; but it appears further that the Steel Corporation was determined to allow the railroads to rely absolutely upon one fixed price, which it considered reasonable, regardless of demand or of other influences which might normally be expected to affect the prices.

On the other hand, when one notes carefully the exact conditions under which steel rails have been produced since the organization of the Steel Corporation, it is seen that ordinary changes in price of iron and steel as a matter of fact need not affect materially the prices of steel rails. The United States Steel Corporation, practically all the producers of steel rails, own their mines, produce their own ore, furnish their own coal and coke, and, in fact, supply everything needed for the production of steel rails. Excepting, therefore, changes in wages or possibly in the price of some of the implements or means of production, such as railways, steamships, etc., it can hardly be said that the cost of their material

varies with the market prices of iron or steel. If they were to determine their prices of steel rails by the market price of pig iron or steel billets, it would be for them in good part merely a matter of bookkeeping, and not changes really brought about by the conditions of production under which they are working.

The policy which the Steel Corporation has openly announced and which these diagrams show it has rigidly maintained—of a steady price which it considers reasonable—is, it will be noted, to a very considerable extent dependent upon this most important fact—that it controls also the mines which furnish it with practically all of its raw material.

Steel beams, the type of structural steel which has been selected to represent the other type of finished product, show many of the same characteristics in price movement, although not quite so rigidly maintained.

Diagram V., line F, shows the sudden and great increase in price during the year 1899; the maintenance of a fixed price of $53.76 a ton until June, 1900; then the rapid decline in price to $36.96 a ton; then, after the formation of the United States Steel Corporation, the steady maintenance of the price at $39.20 a ton for nearly a year. In 1902, with the increase in the price of steel billets, steel beams pushed rapidly up also to a price of more than $50 a ton ($50.82), with, however, a rapid decrease again in the latter part of 1902 and the earlier part of 1903 to a price of $38.75 a ton, where it was maintained until the latter part of 1904 (September) without a change. During the latter part of 1903, however, and the earlier part of 1904, following the depression in the price of other iron and steel products, there was a very slack demand, and, although the market price was not changed, there was little steel bought. In order to move the market, soon after the middle of 1904 the Republic Iron and Steel Company made a decided cut in price, which was very soon followed by others. The Steel Corporation lowered its price immediately to $35.17, then to $34.27. Later in that same year, however, the recovery in business began, and the prices soon went back to their former level. In the latter part of 1905 the corporation fixed

its price at $40.90, where it remained, with only one slight change in July, 1907, to $41.44, until several months after the panic in November. In June and July, 1908, it lowered its price to $39.20, where it remained until March, 1909.

After the panic of 1907 and during practically all of the year 1908, the United States Steel Corporation and the other large steel interests worked closely in harmony, in order to prevent absolute demoralization in prices. During the last few months, however, of 1908 and the beginning of 1909 it was clear that the consumers of iron and steel were placing orders only for such material as they actually needed for immediate use, believing that the conditions existing were artificial, that the prices were being maintained unnaturally, and that they might break at any time. Beyond question many of the smaller manufacturers and quite possibly the Steel Corporation also, although openly prices were maintained, had been shading these prices in special instances. On February 18, 1909, a meeting of practically all the leading steel interests was held in New York City. After a careful discussion of the market conditions, it was decided to abandon all further attempts to hold prices. The next day, Chairman Gary, speaking for the Steel Corporation and practically for the other interests as well, declared an open market. A scramble for orders began. The large steel interests with their magnificent selling organizationed (*sic*) searched the country for orders. Structural materials of all kinds were reduced $6 to $7 a ton, steel bars $4 to $5, pipe $10 to $12, and other finished material in like proportion. The price of steel beams dropped to $32.03.

These lower prices at once started orders, many of them of large size. This started immediately the iron mills. Prices immediately began to increase; heavy orders were taken, although until the prices improved consumers as a rule were not allowed to book orders for a long period ahead. In May and June, as the order books filled, the larger companies became more independent. This increased the orders still more, so that by October many of the plants had their full capacity in demand for the rest of the year and for the first

quarter of 1910. During the last three months of 1909 the largest establishments were accepting business only for shipment at the convenience of the mill. The last half of 1909 was very satisfactory to the steel trade, and since that time the conditions have been favorable.

The diagram, line F, shows clearly all these movements. The effect of the United States Steel Corporation on prices is noted particularly in the long level lines, showing that the same price was maintained absolutely, usually for a period of months, if not years; that when the change came, it was a sudden prompt change to a level distinctly higher or lower, where the intention was to maintain the price. The shape of this line as compared with that representing the price of pig iron or steel billets shows the power of the corporation when it chooses to exercise it. Similar phenomena would be noted were the prices of other finished products of the corporation listed.

5. TIN PLATE.

Diagram VI., representing the changes in price in the tin plate industry, shows the influence of the corporations in determining prices quite similar to those already noted heretofore. The tendency toward high prices and profits is not so noticeable as that toward steadiness of price and toward increased profits, especially at the time when the raw material is falling.

The standard unit taken for the price of the finished material is one box of tin plate, 14 by 20, full weight 108 pounds. The raw material used for this is 105½ pounds of steel plus 2½ pounds of tin. Although it is not quite accurate, it has been thought best to take for the basic price of steel that of steel billets. The line C on the diagram therefore represents the price of the box of tin plate. The line A represents the price of the raw material by weight contained in such a box, although the steel is the unrolled steel billets. The line B represents this same amount of steel and tin plus the amount of labor required to manufacture the tin from the black plates. The cost of labor represents the average of a num-

ber of tin plate mills, and is authoritative. Although there has been no lessening of the wages of labor, although in fact the wages have been increasing, the labor cost per box, which in 1893 was $1.60, had decreased in 1897 to $1; in 1901, a year or two after the organization of the American Tin Plate Company, to 93 cents; in 1906, to 82 cents. Since then there has been a slight increase, until in 1909 it stood at 84 cents. It will be noted that since 1893 this labor cost per box has decreased by nearly one-half. This average labor cost from 1893 to date is seen in a table in Appendix G. The line D on the chart represents the margin between this cost of raw material plus the labor and the price of the box of tin plate.

It will be noted that from 1894 up until the middle of 1897, in spite of a decided drop in 1894, with a rapid recovery and another decline in the latter part of 1896, this margin between the cost of material and labor and the selling price of tin plate remained at considerably above $1 a box, sometimes amounting to $1.50, and averaging perhaps $1.30. During 1897 there was a decided decline in the price of tin plate, with a corresponding or greater decline in the margin, which continued steadily down until October, 1898, when it reached a point distinctly below $1, as low as 74 cents.

Somewhat before the organization of the American Tin Plate Company, in December, 1898, there had been a decided increase in the price of tin plate, and this increase had been more than proportionate to the increase in the price of raw material, although that had advanced somewhat as early as June. It was of course known to most of the tin plate manufacturers that the combination would probably be formed, and presumably on that account the different establishments had already stopped their most vigorous competition. This increase in the margin between cost and selling price was fixed first at $4.215 a box and then at $5, where it remained until the end of the year.

Although our figures from January, 1900, are on a different base, the diagram represents accurately the conditions.

In January, 1900, we note a decrease in price to $4.65 a box, a price maintained for eight months until September,

1900, when with one interval the price was cut to $4. This price was maintained without change until November, 1902, a period of more than two years, although a decided increase in the cost of raw material and labor had very decidedly lessened the profits. In November, 1902, there was another cut in the price. From 1902 until the present it will be noted that the prices of tin plates have in the main followed the prices of the raw material, although the changes have not been so rapid, the prices, when once fixed, remaining usually unchanged for a period of nearly a year, while the price of raw material shifts continually. It is noteworthy, however, that the margin of difference since the formation of the Tin Plate Company, and especially since its absorption by the United States Steel Corporation, in 1901, has been steadily decidedly lower than it was for the three or four years preceding the organization of the American Tin Plate Company; although it was at that time asserted, with perhaps no good ground for doubting the truth of the assertion, that it was chiefly the fierce competition among the tin plate manufacturers that led to the organization of the American Tin Plate Company.

The price of tin plate seems to illustrate, about the same as did the price of structural steel or of steel rails, the power of a corporation, and at the same time the readiness of the corporation not to take advantage of its power at every opportunity, but to maintain on the whole steadiness of price at rates that do not seem unreasonable, if they are compared with those preceding the organization of the corporation. Of course the improved facilities for production coming from the magnificent organization of the Steel Corporation and its plentiful capital have decidedly lessened cost, so that a lessening of the price of the finished product might be expected without any lessening of wages or of profits.

In the case of all these steel products it is interesting to note that, although during the latter part of 1909 there has been quite a decided increase in prices, this is clearly due merely to a recovery from the effects of the panic of 1907. For some years before that sudden fall there seems to have been no tendency toward a marked increase in these prices

that would affect materially the cost of living. At no time have the prices of these steel products reached the level found in 1899 and the early part of 1900, and during most of the period they have been lower than in 1902. The changes, both in the way of increase and decrease, seem to be no greater than might be expected from changes in demand with the fluctuating general conditions of business; and, on the whole, the prices seem not to show an upward tendency since 1890 that corresponds to similar increases in many other lines of industry, but rather the reverse.

Defendants' Exhibit No. 230.

March 26, 1914.

ELEVENTH ANNUAL REPORT

OF THE

UNITED STATES STEEL CORPORATION
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 1912.

(Pursuant to agreement of counsel, this exhibit need not be printed.)

Defendants' Exhibit No. 231.

March 27, 1914.

Iron Ore Shipments from Mines of the Subsidiary Companies of the

UNITED STATES STEEL CORPORATION

During the year 1912

Range	Gross Tons
Lake Superior Region	
Marquette Range	445,151
Menominee Range	1,045,033
Gogebic Range	1,939,396
Vermilion Range	1,613,138
Missabe Range	19,289,119
Total Lake Superior Region	24,331,837
Southern Ore Region	
Tennessee Coal, Iron & Railroad Company's Mines	2,079,907
Grand Total Shipments	26,411,744

NOTE:—The foregoing tonnages include the ore shipped for the account of the United States Steel Corporation from the Lake Superior Group, Queen, Pewabic, Biwabik, Mahoning and Union Mines, in all of which the Steel Corporation has a part interest.

Defendants' Exhibit No. 232.

March 27, 1914.

Production of Iron Ore by the Subsidiary Companies of the United States Steel Corporation

During the Year 1912.

Range	Gross Tons
Lake Superior Region	
Marquette Range	551,575
Menominee Range	995,401
Gogebic Range	1,497,950
Vermilion Range	1,301,663
Missabe Range	20,001,953
Total Lake Superior Region	24,348,542
Southern Ore Region	
Tennessee Coal, Iron & Railroad Company's Mines	2,079,907
Grand Total Production	26,428,449

NOTE:—The foregoing tonnages include all ore from mines operated by the Subsidiary Companies of the United States Steel Corporation, whether such ore is for its own account or not.

	CANADA		ENGLA
	Weight	Net Price	Weight
Rails, Heavy.... G.T.	23,712	$18.34	.....
" Light.... "	210	20.88	.....
Rail Joints..... Lbs.	27,072	2.03	.....
Splices..... "	3,535,835	1.08	.....
Bar Iron & Steel "	308,685	1.09	.....
Rods..... G.T.	7,071	20.67	3,770
Billets..... "	2,323	13.81	440
Basic Pig Iron.. "	.....	.....	.....
Plates..... Lbs.	1,005,378	1.37	.....
Plate Scrap..... G.T.	1,711	10.84	.....
Spikes..... Lbs.	120,000	1.50	.....

Defendants' Exhibit No. 233
March 27, 1914

I L L I N O I S S T E E L C O M P A N Y

STATEMENT OF EXPORT SHIPMENTS DURING YEAR 1897

JAPAN		COREA		MEXICO		BELGIUM		ECUADOR		FRANCE		T O T A L			
ıt	Net Price	Weight	Net Price	Weight	Net Price	Weight	Net Price	Weight	Net Price	Weight	Net Price	Weight	Net Price	Average Cost	Approximate Profit
)40	$17.59	2,355	$15.70	862	$18.44	.....	$.....	.....	$.....	.....	$.....	30,869	$18.04	$13.86	$129,032.42
...	.....	.....	.....	1,328	17.47	495	17.92	4	21.35	.....	.....	2,520	17.93	16.60	3,351.60
...	.....	.....	.....	33,614	2.29	.....	.....	1,343	2.90	.....	.....	62,029	2.19	.....	.....
545	1.14	445,780	1.11	222,660	1.14	53,975	.98	.....	.....	.....	.....	4,762,745	1.10	.91	9.049.22
...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	308,685	1.09	1.03	185.21
...	.....	.....	.....	.....	.....	1,000	21.47	.....	.....	1,768	19.41	13,609	20.39	20.05	4,629.89
...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	2,763	13.55	14.17	*1,713.06
...	.....	.....	.....	.....	.....	1,082	6.71	.....	.....	.....	.....	4,093	6.99	8.27	*5,239.04
...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,005,378	1.37	1.05	3,217.21
...	.....	.....	.....	.....	... .	.....	.....	.....	.....	.....	.....	1,711	10.84	.....	.....
150	1.49	164,000	1.41	8,800	1.50	.....	.....	.....	.....	.....	.....	494.950	1.47	1.63	* 791.92

DEFENDANTS' EXHIBIT
(1) No. 234
DATE March 27 1914

(7 pages)

GOVERNMENT EXHIBIT
(Ident'n) No. 481
DATE March 26, 1914

WELDED AND SEAMLESS TUBULAR GOODS

---oOo---

NATIONAL TUBE COMPANY & AFFILIATED COMPANIES

PRODUCTION AND ESTIMATED CAPACITY

---oOo---

INDEPENDENT MANUFACTURERS

ESTIMATED CAPACITY

---oOo---

YEARS 1901 to 1910 inc.

---oOo---

DEFENDANTS'
(2) No.
DATE MARCH

FINISHED TUBULAR GOODS

NATIONAL TUBE COMPANY AND AFFILIATED COMPANIES

Actual Production and Estimated Capacity of Finished Welded Goods

		1901					1902					1903					1904					Act
		Act. Production		Est. Capacity			Act. Production		Est. Capacity			Act. Production		Est. Capacity			Act. Production		Est. Capacity			
WORKS	Mill	No. of Fce	Tons	Avg per Fce	Tons	Avg per Fce	No. of Fce	Tons	Avg per Fce	Tons	Avg Per Fce	No. of Fce	Tons	Avg Per Fce	Tons	Avg Per Fce	No. of Fce	Tons	Avg Per Fce	Tons	Avg Per Fce	No. of Fce	To
Allison	Lap	3	7,585	2528	12,400	4133	3	7,947	2649	12,400	4133	3	7,178	2393	7,600	2533	3	3,425	1142	7,300	2433	3	
American	Butt	3	25,977	8659	47,688	15896	3	20,224	6741	47,688	15896	3	29,602	9867	47,688	15896	3	31,272	10424	50,686	16895	3	3
	Lap	3	39,185	13062	39,812	13271	3	30,506	10169	39,812	13271	3	30,036	10012	39,812	13271	3	29,127	9709	42,314	14105	3	3
	Total	6	65,162	10860	87,500	14583	6	50,730	8455	87,500	14583	6	59,638	9940	87,500	14583	6	60,399	10067	93,000	15500	6	6
Chester	Lap	2	29,822	14911	31,000	15500	2	28,474	14237	31,000	15500	2	23,413	11707	28,200	14100	2	31,632	15816	35,900	17950	2	1
Cohoes	Butt	2	10,503	5252	13,400	6700	2	5,747	2874	13,400	6700	2	8,743	4372	14,700	7350	2	103	52	14,700	7350	2	
Continental	Butt	2	12,246	6123	26,081	13041	2	13,920	6960	26,081	13041	2	14,811	7406	26,311	13156	2	14,943	7472	26,311	13156	2	2
	Lap	2	23,922	11961	30,419	15209	2	27,202	13601	30,419	15209	2	25,912	12956	30,689	15345	2	27,653	13827	30,689	15345	2	1
	Total	4	36,168	9042	56,500	14125	4	41,122	10281	56,500	14125	4	40,723	10181	57,000	14250	4	42,596	10649	57,000	14250	4	3
Kewanee	Butt	4	47,575	11894	78,500	19625	4	53,562	13391	78,500	19625	4	52,365	13091	78,500	19625	4	50,803	12701	78,500	19625	4	5
Lorain	Butt																					5	
	Lap																					4	6
	Total																					9	7
Morris-Tasker	Butt	1			15,000	15000	1			15,000	15000	1			15,000	15000							
	Lap	5			75,000	15000	5			75,000	15000	5			75,000	15000							
	Total	6			90,000	15000	6			90,000	15000	6			90,000	15000							
National	Butt	6	77,950	12992	92,785	15464	6	99,975	16662	107,634	17939	6	105,304	17551	107,634	17939	6	107,654	17942	114,154	19026	6	11
	Lap	10	130,901	13066	160,965	16098	10	130,333	13033	180,366	18037	10	121,905	12190	180,366	18037	10	105,833	13229	171,946	14654	10	10

DEFENDANTS' E
(3) No. 2
DATE MARCH 2

FINISHED TUBULAR GOODS

NATIONAL TUBE COMPANY AND AFFILIATED COMPANIES

Actual Production and Estimated Capacity of Finished Welded Goods.

		1906				1907				1908				1909				
		Act. Production		Est. Capacity		Act. Production		Est. Capacity		Act. Production		Est. Capacity		Act. Production		Est. Capacity		Act.
WORKS	Mill	No. of Fcs	Tons	Avg Per Fce	Tons	Avg Per Fce	No. of Fcs	Tons	Avg Per Fce	Tons	Avg Per Fce	No. of Fcs	Tons & Fce	Tons	Avg Per Fce	No. of Fcs	Tons	Avg Per Fce	Tons	Avg Per Fce	No. of Fcs	T
Allison	Lap	3	5,928	1976	13,881	4627	3	7,720	2573	13,957	4652	3		13,957	4652							
American	Butt	3	37,859	12620	48,362	16121	3	20,386	6795	58,454	19485											
	Lap	3	23,661	7887	44,777	14926	3	33,686	11229	54,934	18311											
	Total	6	61,520	10253	93,139	15523	6	54,072	9012	113,388	18898											
Cohoes	Butt	2			14,700	7350	2			14,700	7350											
Continental	Butt	2	26,269	13134	30,762	15381	2	25,775	12887	30,695	15347	2	7,337	3669	38,169	19085	2	24,207	12104	35,464	17732	2	2
	Lap	2	28,308	14154	39,325	19662	2	39,504	19752	50,676	25338	2	7,565	3783	41,444	20722	2	4,465	2233	37,394	18697	1	
	Total	4	54,577	13644	70,087	17522	4	65,279	16320	81,371	20343	4	14,902	3726	79,613	19903	4	28,672	7168	72,858	18215	3	3
Kewanee	Butt	4	57,330	14332	81,069	20267	4	53,236	13309	80,057	20014	4	17,868	4467	80,057	20014	4	6,517	1629	80,057	20014	4	
Lorain	Butt	5	99,955	19991	136,198	27240	5	151,276	30255	177,344	35469	5	83,160	16632	201,172	40234	5	175,192	35038	212,424	42485	5	11
	Lap	4	125,532	31383	153,379	38345	4	161,694	40424	175,757	43939	4	84,286	21072	155,208	38802	4	150,255	37564	183,023	45756	4	13
	Total	9	225,487	25054	289,577	32175	9	312,970	34774	353,101	39233	9	167,446	18605	356,380	39598	9	325,447	36161	395,447	43939	9	25
National	Butt	6	104,124	17354	110,978	18496	6	102,950	17158	111,134	18522	6	101,478	16913	156,698	26116	6	188,223	31371	190,917	31820	6	12
	Lap	12	177,677	14806	178,623	14885	12	213,327	17777	202,733	16894	12	163,021	13585	233,114	19426	12	192,183	16015	224,087	18674	12	21
	Total	18	281,801	15656	289,601	16089	18	316,277	17571	313,867	17436	18	264,499	14694	389,812	21656	18	380,406	21134	415,004	23056	18	33

DEFENDANTS
(5) No.
DATE MARCH

WELDED TUBULAR GOODS

INDEPENDENT MANUFACTURERS.

The Number of Furnaces Shown for Each Year Includes only Finished Furnaces, Those in Course of Construction Being Excluded.

NAME	Business Address	Mill	1901 No. of Fces	1901 Estimated Capacity Gr.Tons	1902 No. of Fces	1902 Estimated Capacity Gr.Tons	1903 No. of Fces	1903 Estimated Capacity Gr.Tons	1904 No. of Fces	1904 Estimated Capacity Gr.Tons	1905 No. of Fces	1905 Estimated Capacity Gr.Tons	1906 No. of Fces	1906 Estimated Capacity Gr.Tons	1907 No. of Fces	1907 Estimated Capacity Gr.Tons	1908 No. of Fces	1908 Estimated Capacity Gr.Tons	1 No. of Fces
Worth Bros.	Coatesville,Pa.	Lap			2	27,032	2	28,560	2	30,158	4	74,148	4	74,596	4	82,216	4	87,804	4
Youngstown Sheet & Tube Co.	Youngstown,O.	Butt	2	30,228	2	31,434	2	31,110	2	34,478	2	37,736	2	38,200	3	63,618	3	78,699	4
		Lap	1	13.115	1	13.516	1	14.280	1	15.079	1	18.537	2	37.298	2	41.108	3	65.853	3
		Total		43.343		44.950		45.390		49.557		56.273		75.498		104.726		144.552	
TOTAL		Butt	28	423,192	30	471,510	26	404,430	25	430,975	23	433,964	23	439,300	24	508,944	24	629,592	29
		Lap	24	314.760	29	391.964	30	428.400	30	452.370	34	630.258	36	671.364	33	678.282	37	812,187	38
GRAND TOTAL			52	737.952	59	863.474	56	832.830	55	883.345	57	1.064.222	59	1.110.664	57	1.187.226	61	1.441.779	67

DEFENDANTS' EXHIBIT
(6) No. 234
DATE MARCH 27 19

SUMMARY

WELDED TUBULAR GOODS

YEAR	NATIONAL TUBE COMPANY & AFFILIATED COMPANIES				INDEPENDENT COMPANIES		TOTAL EST. CAPACITY IN U.S.		PER C
	Number of Furnaces	Production		Estimated Capacity	Number of Furnaces	Estimated Capacity	Number of Furnaces		
		Gross Tons	Per Cent of Estimated Capacity	Gross Tons		Gross Tons		Gross Tons	Nat'l Tube Affiliated
				BUTT FURNACES					
1901	27	220,918	54	408,070	28	423,192	55	831,262	49
1902	25	245,812	63	392,919	30	471,510	55	864,429	45
1903	25	265,870	68	388,881	26	404,430	51	793,311	49
1904	22	253,633	67	379,251	25	430,975	47	810,226	47
1905	27	302,328	59	509,447	23	433,964	50	943,411	54
1906	27	409,152	79	515,699	23	439,300	50	954,999	54
1907	27	430,969	75	572,565	24	508,944	51	1,081,509	53
1908	22	209,843	36	577,123	24	629,592	46	1,206,715	48
1909	22	446,208	72	619,889	29	817,133	51	1,437,022	43
1910	22	301,401	49	613,657	34	948,396	56	1,562,053	39
				LAP FURNACES					
1901	44	386,790	67	577,080	24	314,760	68	891,840	65
1902	43	443,470	76	581,181	29	391,964	72	973,145	60
1903	43	459,738	75	614,019	30	428,400	73	1,042,419	59
1904	36	469,843	87	542,849	30	452,370	66	995,219	55
1905	40	515,923	70	741,492	34	630,258	74	1,371,750	54
1906	38	554,978	78	708,648	36	671,364	74	1,380,012	51
1907	38	681,519	87	781,036	33	678,282	71	1,459,318	54
1908	33	416,129	57	724,387	37	812,187	70	1,536,574	47
1909	30	509,388	66	772,721	38	978,766	68	1,751,487	44

Defendants' Exhibit No. 235.

March 27, 1914.

TENTH ANNUAL REPORT
OF THE
UNITED STATES STEEL CORPORATION
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 1911

(Pursuant to agreement of counsel, this report need not be printed.)

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1[redacted] 1919

No. [redacted] 16[redacted]6

THE UNITED STATES OF AMERICA, APPELLANT,

vs.

UNITED STATES STEEL CORPORATION ET AL.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF NEW JERSEY.

VOLUME 10.

DEFENDANTS' TESTIMONY.

FILED MAY 12, 1916.

VOLUME X.

INDEX OF WITNESSES

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FIFTY-THIRD DAY.

EMPIRE BUILDING,
71 BROADWAY, NEW YORK CITY.

MONDAY, MAY 12, 1913.

Before Special Examiner Henry P. Brown.

Present on behalf of the United States, Mr. Dickinson and Mr. Colton.

Present on behalf of the Defendants, Mr. Lindabury, Mr. Severance, Mr. Bolling and Mr. Reed.

TESTIMONY IN BEHALF OF THE DEFENDANTS.

JAMES A. FARRELL

was called as a witness on behalf of the Defendants, and having been duly sworn, testified as follows:

DIRECT EXAMINATION,

By MR. SEVERANCE:

Q. What is your full name?

A. James A. Farrell.

Q. Where do you live?

A. Brooklyn, New York.

Q. What is your business at present?

A. President of the United States Steel Corporation.

Q. How long have you occupied that position?

A. Since January 10, 1911.

Q. When did you first become engaged in any manner in the steel business?

A. In 1878.

Q. How old were you at that time?

A. Fifteen and a half years of age.

Q. And in what capacity and where did you go to work in the steel business?

A. As a laborer in the wire mills at New Haven, Connecticut.

Q. Was that where you were brought up, in New Haven?

A. Born in New Haven and lived there.

Q. How long did you work in the steel mill at New Haven as a laborer?

A. For about fourteen months, and then I became a mechanic, or rather, worked into a mechanical position.

Q. In what place, the same place?

A. In New Haven.

Q. In the same wire mill?

A. The same company.

Q. What was the name of that company?

A. The New Haven Wire Mills.

Q. What class of goods did that concern manufacture?

A. Mostly specialties for manufacturers and businesses that were located in that vicinity.

Q. Will you state a little more fully what you mean by "specialties?"

A. The manufacture of wire for clocks, wire for textile machinery, wire for rivets, and wood screws, and probably two or three hundred different kinds of wire.

Q. Two or three hundred different kinds of wire?

A. Yes.

Q. How long did you remain in that place as a mechanic?

A. Until 1882; four years.

Q. How old were you then?

A. About nineteen.

Q. You are fifty years old now, are you?

A. Last February 15th.

Q. And in 1882 where did you go to work?

A. Pittsburgh; I entered the employ of the Oliver Wire Company.

Q. In what capacity?

A. As a wire drawer.

Q. Just explain what a wire drawer is. What kind of work does he have to do?

A. A wire drawer takes the rod from the rod mill and reduces it to various sizes of wire according to requirements.

Q. How is that done?

A. By cold drawing, it is cold drawn.

Q. What kind of manufactured goods were produced at the plant of the Oliver Company in Pittsburgh where you worked?

A. Mostly plain wire, which was sold to manufacturers of barbed wire.

Q. And where were those manufacturers located?

A. One was located in Pittsburgh, the H. B. Scutt Co., and there were several smaller manufacturers scattered throughout the West, as far as De Kalb, Illinois.

Q. How long did you continue with the Oliver Company?

A. Until 1889; I became a salesman in 1886.

Q. From 1882 to 1886 did you work in the mills?

A. Yes.

Q. Will you state in what capacity you were working after you ceased to be a wire drawer?

A. I was the foreman of the mill.

Q. How large a mill was that?

A. A mill with a capacity of eighty tons per day.

Q. About how many employees did they have?

A. About 300.

Q. So that before you went on the road as a salesman you had become the foreman of this mill with about 300 men under your charge, is that right?

A. Correct.

Q. You say in 1886 you worked as a salesman?

A. Yes.

Q. Where did you sell goods?

A. Throughout the country.

Q. Did you travel throughout the country in making these sales?

A. All over the country, yes.

Q. Did the Oliver Wire Company diversify its products?

A. They were gradually doing it.

Q. During the time you were salesman for them what branch of the wire product did they manufacture?

A. Bright and annealed wires, galvanized wires, and wires for the manufacture of nails, carriage hardware, and other products.

Q. That took you down to what year?

A. 1889.

Q. That is, you were a salesman for one year, 1888-1889?

A. Three years.

Q. Three years, 1886 to 1889?

A. Yes.

Q. Then what position did you take?

A. I became sales manager of the Pittsburgh Wire Company.

Q. What was the Pittsburgh Wire Company?

A. The Pittsburgh Wire Company was a concern at Braddock, Pennsylvania, having a rod mill and wire mill, a wire rod mill and a wire mill.

Q. What class of goods did they make?

A. Mostly materials for manufacturing bolts, rivets, wood screws, carriage hardware, and largely a class of material that superseded charcoal and Swedish iron.

Q. How long did you continue as sales manager of the company?

A. Until 1893.

Q. Where was your office at that time?

A. In New York, part of the time; I was at Pittsburgh a great deal of the time.

Q. Did you keep your office in New York?

A. Yes.

Q. During the time you were the sales manager of the Pittsburgh Steel Company, where was their product marketed?

A. Largely in the East.

Q. Had that company gone into foreign business at all?

A. Yes, in the early part of 1893 there was a depression in business in this country, and we had devoted considerable time to the manufacture of specialties required in some of the foreign markets, and during 1894 we operated practically half of our capacity on foreign business.

Q. That is the time of the bad business in this country?

A. In 1893 and 1894.

Q. When you began to be interested in the foreign business of this wire company, did you or not commence making a study of foreign traffic in steel goods?

A. I commenced an exhaustive study of the requirements of foreign markets; it was a business that interested me and I saw great possibilities in the development of it as affecting the iron and steel business of the country.

Q. That brought you down to 1893. What position did you assume at that time?

A. I became the general manager of the company.

Q. The Pittsburgh Wire Company?

A. The Pittsburgh Wire Company.

Q. And as general manager what were your duties?

A. My duties were to supervise the manufacture of the product, to sell it and to purchase all of the materials that entered into this manufacture; in other words, it was a composite position which necessitated my having the general supervision over the whole of the operations of the company.

Q. Where did you live during that time?

A. Part of the time at Braddock, Pennsylvania; part of the time at Wilkinsburg, Pennsylvania—suburbs of Pittsburgh.

Q. But you lived out by the mills?

A. I lived for three years within a stone's throw of the mills.

Q. You gave up living in New York?

A. I have never lived in New York.

Q. Well, Brooklyn; sometimes referred to as part of New York, by courtesy?

A. Yes.

Q. And you went back to the Pittsburgh district to live; that is what I meant, when you became general manager of the company?

A. Yes, I resided at Braddock, Pennsylvania.

Q. Now, how long did you continue in that position as

general manager of the Pittsburgh Wire Company?

A. Until 1899.

Q. What was done with the Pittsburgh Wire Company at that time?

A. The Pittsburgh Wire Company was a company with 43 stockholders and a capital of $360,000. The controlling interest in the company was sold by some of the stockholders to some parties who were forming the American Steel & Wire Company of New Jersey.

Q. That is the present American Steel & Wire Company?

A. Yes.

Q. And was the balance of the stock of the company afterwards sold to the American Steel & Wire Company of New Jersey?

A. The controlling interest was sold at $250 a share, and the purchasers of the controlling interest subsequently paid the same to the balance of the stockholders.

Q. Do you know what that stock was worth upon an inventory basis at that time?

A. We considered the value of the company—the original capital was $360,000, and the capital had not been increased, but expansions had been made of the plant, and the general capacity of the plant had been developed, and we considered the plant worth $1,100,000 odd. I always felt that the concern was sold for $60 per share less than I considered the value of the property.

Q. Did you have some of the stock?

A. 100 shares.

Q. And you sold yours after the majority had sold theirs?

A. Yes.

Q. That brought you down to 1899. You said that you had, while general manager, charge of purchases. Does that mean purchases of raw material and semi-finished material?

A. Raw materials; everything that entered into the manufacture of the material.

Q. Will you briefly state what those classes of material were?

A. Billets, largely, and everything that goes into the manufacture of wire products.

Q. You know what that is, but I do not. Outside of billets what is it?

A. Well, spelter. The list is a pretty long list.

Q. There are a great many things?

A. There are a great many things, probably two or three hundred different things. I could enumerate them.

Q. There are two or three hundred different things in the way of raw material?

A. Yes.

Q. And semi-finished material, that go into the manufacture of wire?

A. For example we use eighteen different analyses of billets for the manufacture of different qualities of material. High phosphorus and low phosphorus, low carbon and high carbon, and so forth.

Q. Were these made to order or bought in the market?

A. Principally made to order.

Q. And from whom did you purchase these billets?

A. From the Carnegie Steel Company and the Shoenberger Steel Company, and some from the Jones & Laughlin Steel Company.

Q. Is it customary for manufacturers of wire products, like the Pittsburgh Wire Company, to buy their semi-finished steel from nearby plants?

A. That was the custom because of the fact that the character of our product required close supervision over the manufacture of it, and it was an advantage to us to be able to go to the works of the producer and talk about the constituents of the steel.

Q. Is that the general rule?

A. Yes.

Q. And did the Illinois Steel Company sell you any billets?

A. No.

Q. They were bought, as you have stated, locally?

A. Locally.

Q. Now, after the acquisition of the Pittsburgh Wire Company by the American Steel & Wire Company, what was your next position?

A. After the company was sold out, my brother William H. Farrell and I were approached by financial interests who desired to invest two million dollars in a new industry.

Q. What kind?

A. Wire; and having been identified for some years with a close corporation I preferred to take my chance with a large concern, and about that time Mr. Gates telephoned from New York and offered me the position of foreign sales agent of the American Steel & Wire Company, which I accepted after some consideration, and I came here in February, 1899, and took up that position.

Q. You had your office in New York then?

A. In this room.

Q. In this room?

A. Yes, that is in these quarters here.

Q. How long did you continue as foreign sales agent of the American Steel & Wire Company?

A. Until the formation of the United States Steel Corporation in 1901.

Q. Upon the formation of the United States Steel Corporation what position did you take?

A. When the United States Steel Corporation was formed they immediately commenced a study of the foreign markets, and carried on a selling organization up to the time of the formation of the United States Steel Products Company.

Q. Did you have charge of that selling organization?

A. I was in charge of that organization.

Q. So that you went along in the foreign trade after the organization of the corporation, but with a larger line of goods to sell?

A. Yes.

Q. Did you sell the goods of all the subsidiaries of the Steel Corporation?

A. Yes sir, practically.

Q. Practically all, but not entirely?

A. Not until the formation of the Products company.

Q. When was the United States Steel Products Company formed?

A. In October, 1903.

Q. What was the purpose of forming the United States Steel Products Company?

A. For the purpose of extending the foreign business of the various subsidiary companies, and to concentrate the operation and management of it into one company, with a view of deriving the economic advantages that go with such an institution.

Q. Was that a corporation, or is it a corporation?

A. It is a subsidiary of the Federal Steel Company.

Q. But it is an incorporated concern?

A. Yes.

Q. What position did you take in that company?

A. President of it.

Q. How long did you continue as president of that company?

A. Until January 10, 1911.

Q. At that time you were elected president of the Steel Corporation?

A. Yes sir.

Q. Now, from the time you were president of the Steel Products Company did you keep in touch with the steel market, the domestic market as well as the foreign?

A. Yes sir.

Q. Have you or not at all times, since you became the selling agent of the Pittsburgh Wire Company, many years ago, been in constant touch with the market for iron and steel products throughout this country, and during most of that time throughout the world?

A. I have always kept in touch with the markets, both here and abroad, because it is necessary to have a knowledge of the conditions here as well as the conditions abroad in order to intelligently operate in the foreign business.

Q. And have you not during that period had a general knowledge of the character and extent of the output of the various manufacturers?

A. Yes.

Q. Both of the Steel Corporation and competitive companies?

A. Both.

Q. And in all branches of steel manufacture?

A. All branches of steel manufacture.

Q. Have your duties during that period made you familiar with the classes and names of the companies that are competitors of the United States Steel Corporation?

A. Yes sir.

Q. Did you, prior to the organization of the Steel Corporation, have knowledge of the competitive conditions in steel products, as those conditions existed generally?

A. Pretty generally.

Q. In reference to the companies that afterwards became subsidiaries and others?

A. Pretty generally.

Q. There are some allegations in the bill in this case with reference to what are denominated in the headline "Interlocking Directorates." Are you a director of any companies that have dealings with the Steel Corporation?

A. No, I am not a director in any company excepting the United States Steel Corporation.

Q. And certain of its subsidiaries?

A. And certain of its subsidiaries.

Q. And, as the president of the corporation, do you have charge of the selling of the products?

A. That is one of my duties.

Q. That is under your direct charge?

A. Under my direct charge.

Q. And you have charge of the manufacturing, also?

A. Also of the manufacturing.

Q. And the purchasing of the raw materials?

A. I have general supervision of it.

Q. And the transportation of the commodities? Does that come under you supervision?

A. Generally speaking.

Q. That is, all of the business of getting together the raw materials and manufacturing, transporting and selling the product, at home and abroad, is under your department, is it not?

A. Yes; everything except the legal and financial departments.

Q. During the time that you have been in charge of this business, either as the President of the corporation, having

general charge of all its business, or as president of the Steel Products Company, selling its products in foreign markets, will you state whether any of the directors of this corporation have ever interfered or taken any part in any way in the selling of the products of the corporation, outside of yourself? I mean the other directors?

A. I have never sought or received any assistance from any director of the United States Steel Corporation in the conduct of our business as to selling.

Q. And, so far as you know, have they in any way interfered in this branch of the business?

A. Not to my knowledge.

Q. It has appeared in the testimony in this case that certain of the directors of the corporation—one or two, I think—have been at times directors of the International Harvester Company. Is that company a large consumer of steel products?

A. It is a large consumer of steel products, but a small customer of the Steel Corporation.

Q. Do you have knowledge of about what their annual requirements of steel are?

A. About 150,000 tons per annum, of which they produce a large portion by one of their own companies, the Wisconsin Steel Company.

Q. Has that company purchased any considerable portion of its steel from the Steel Corporation since its organization?

A. About ten per cent of its requirements.

Q. And most of that from what company?

A. The Illinois Steel Company.

Q. The Illinois Steel Company's plant is located at Chicago, is it not?

A. Chicago and Joliet.

Q. Well, in the vicinity of Chicago?

A. Yes.

Q. And reasonably accessible to the plants of the International Harvester Company, which are in the same district?

A. Yes.

Q. You say they have purchased about how much from them?

A. In the period from 1903 to 1912, inclusive, they have purchased 56,000 tons from the Illinois Steel Company.

Q. Were there any years during that period when they did not buy anything from them?

A. There were several years.

Q. Do you remember what years they were?

A. My recollection is that they bought nothing from the Illinois Steel Company in 1904 and 1905.

Q. I have a memorandum here that they bought 10,000 tons in 1905. Have you made up a memorandum?

A. I prepared one.

Q. You may use it to refresh your recollection.

MR. DICKINSON: One moment. I object to counsel stating what he has on a memorandum.

MR. SEVERANCE: I have a copy of one he gave me.

THE WITNESS: I have prepared a memorandum.

MR. DICKINSON: That is another question, as to your having prepared a memorandum. I object to counsel stating what he has on a memorandum.

THE WITNESS: May I read from this?

By MR. SEVERANCE:

Q. Yes. You may refresh your recollection by the memorandum which you have prepared.

A. In 1903 the Illinois Steel Company sold the International Harvester Company 24,000 tons. Nothing in 1904. 10,000 tons in 1905. Nothing in 1906, 1907 and 1908. About one per cent of their requirements in 1909.

Q. How many tons?

A. 1,500 tons. 6,000 tons in 1910. 15,000 tons in 1911 4,900 tons in 1912.

Q. During that same period did the Carnegie Steel Company sell the International Harvester Company any tonnage?

A. In 1903, 650 tons. Nothing in 1904, 1905, 1906, 1907 and 1908. 5,200 tons in 1909. Nothing in 1910. 25,000 tons in 1911.

Q. Any in 1912?

A. None.

Q. During this period when this amount of tonnage was sold to the International Harvester Company, can you state,

in round figures, how much the Illinois Steel Company sold to other implement and agricultural manufacturers?

A. During this period the Illinois Steel Company sold to competitors of the International Harvester Company 872,000 tons.

Q. Mr. Farrell, have you made other statements showing the changes in freight rates on the raw materials going into the steel plants, and on the finished product shipped from the steel plants in the various eastern districts?

A. I have had prepared under my direction a list showing the changes in freight rates from 1901 to 1912, inclusive, on semi-finished materials and finished product.

Q. You have examined this memorandum, which you so had prepared, under your supervision, have you, and it is correct in each particular to the best of your knowledge?

A. Yes.

MR. SEVERANCE: I offer this in evidence, Judge Dickinson.

MR. DICKINSON: We except to it as irrelevant and incompetent.

(The paper referred to was thereupon marked "Defendant's Exhibit, Farrell, No. 37, May 12, 1913," and will be found in the volume of exhibits.)

By MR. SEVERANCE:

Q. Mr. Farrell, some of these rates are rates from Pittsburgh to New York?

A. Yes.

Q. Do they apply over the Pennsylvania Railroad?

A. Over all railroads.

Q. I see that the export freight rates have been advanced from 9½ cents per hundred to 10½ cents per hundred; that is, they were advanced first in June, 1907, from Pittsburgh to New York, a cent a hundred pounds. From what district does the Steel Corporation ship the bulk of its export goods?

A. Pittsburgh.

Q. Then that advance in rates made by the Pennsylvania Railroad and other lines from Pittsburgh to New York, applied on the bulk of the export traffic of the Steel Corporation, did it?

A. It applied on 80 per cent of it.

Q. I observe, also that the freight rates on iron ore from Lake Erie ports have been reduced from $1.18 in 1900 and 1903, to 96 cents September 1, 1909, a reduction of 11 per cent.

A. Yes.

Q. The Steel Corporation has a subsidiary called the Bessemer & Lake Erie Railroad, has it not?

A. It has.

Q. And the question of ore rates is one that affects that road, is it not?

A. Yes.

Q. There is a reduction of five per cent, I see by the same exhibit, into the Mahoning & Shenango Valleys?

A. The Youngstown division.

Q. That is, there are competitors of the Corporation in those districts?

A. There are very important competitors located there.

Q. As well as in the Pittsburgh district?

A. Yes.

Q. There seems to be a reduction of twenty per cent in the rates to the Wheeling district?

A. Yes.

Q. Have you competitors in that district?

A. Very large competitors—the La Belle Iron & Steel Company is one, and the Wheeling Iron & Steel Company is another.

Q. I notice that there is an increase of about thirteen per cent on the average in bituminous coal rates from Pittsburgh to various points—Chicago, Toledo, Cleveland, Youngstown, New Castle, Sharon, as shown on this list. Is that a traffic in which the Bessemer & Lake Erie participates?

A. To some extent as far as the lake and the Northwest is concerned.

Q. But as to these interior points it does not, does it?

A. No.

Q. That is, leading to the steel plants?

A. No.

Q. To Youngstown or New Castle?

A. No, nor to Chicago or Lorain.

Q. Do the subsidiaries of the Steel Corporation have to pay these rates on large traffic?

A. Very large traffic.

Q. I observe that on coke there has been an increase on an average of about twelve per cent since 1901; the coke rates have been advanced that much. Is that a raw material of large volume that is used by the Corporation or its subsidiaries?

A. About 40,000 tons a day.

Q. How much; 40,000 tons a day?

A. Yes.

Q. And is that shipped over trunk line railroads?

A. It is shipped over trunk line railroads.

Q. So that that increase applies, whatever the increase is, on the respective lines, on that amount of product that is used by the Corporation; is that right?

A. Yes.

Q. I notice on limestone, from places on the Pennsylvania and other roads, there is an increase in rates, the average since 1901 being ten per cent. Is that a commodity that is used by the Corporation?

A. A very large quantity is used in the manufacture of iron and steel; about one-third of the burden.

Q. I observe that on billets and articles taking billet rates, there is an increase of about nine per cent since 1901 from the Pittsburgh district to various eastern points, and about ten per cent to western points.

A. That is right.

Q. Are billets shipped by the subsidiaries of the Corporation from the Pittsburgh district?

A. No, sir.

Q. You do not ship them?

A. Not to any extent.

Q. They are mostly consumed?

A. They are mostly consumed in the locality in which they are produced.

Q. I also observe that the freight rates on finished iron and steel articles from the Pittsburgh district to various east-

ern points have been increased on an average of eighteen per cent since 1901.

A. That is right.

Q. And to various western points also eighteen per cent?

A. Yes.

Q. Is that a class of traffic of large volume from the standpoint of the subsidiaries of the Corporation of the Pittsburgh district?

A. About 40,000 to 42,000 tons per day.

Q. About 40,000 to 42,000 tons per day, and an increase of eighteen per cent since the Corporation was formed?

A. Since 1901.

Q. Is New York a large point of consumption of steel from the Pittsburgh district?

A. New York is a large consumer of steel, but of course New York is the gateway of the world in the export business from this country.

Q. The metropolitan district is a large consumer, locally, is it not?

A. A very large consumer, yes. We do very little business here, compared with that done by the mills in Bethlehem, Phoenixville, and mills located near here.

Q. Your freight rates, according to this table that you introduced, on finished iron and steel products, have increased from thirteen cents to sixteen cents a hundred pounds from Pittsburgh to New York since 1901. That would be how much additional per ton?

A. It would be sixty cents a ton.

Q. Finished articles are sold in short tons, are they not?

A. Yes; in tons of 2,000 pounds.

Q. By the way, what classes of steel products, if any, are sold on the basis of the long ton of 2,240 pounds?

A. Pig iron and rails.

Q. And everything else is sold on the 2,000 pounds to the ton basis?

A. Yes.

Q. How about billets?

A. Oh, yes; billets also.

Q. Billets, rails and pig iron are in one class, and everything else is in the other?

A. Yes; semi-finished materials.

Q. You say that from the organization of the Corporation you had, in a certain way, charge of the exports, and after the organization of the Steel Products Company you were the president of that company and were in charge of that branch of the business?

A. Yes.

Q. What year was the Steel Products Company organized?

A. In October, 1903.

Q. Have you had prepared a statement of the tonnage and value of the exports of the United States Steel Products Company, beginning with 1904, the first year it was in operation, up to 1912?

A. I have had prepared under my direction such a statement.

Q. I show you this paper and ask you if those are the figures to which you refer.

A. Yes.

Q. And is that a correct statement of the tonnage and value of the direct exports of the United States Steel Products Company?

A. It is a correct statement of the tonnage and value.

MR. SEVERANCE: I offer that in evidence.

(The paper referred to was thereupon marked "Defendants' Exhibit (Farrell) No. 38, May 12, 1913," and will be found in the volume of exhibits.)

Q. I observe that the value of the exports has increased from 1904 to 1912 from $31,000,000 to $91,000,000 plus, almost $92,000,000.

MR. DICKINSON: Have you offered that?

MR. SEVERANCE: Yes. That is in evidence.

MR. DICKINSON: I object to all that part referring to the period after the issues were made up in the case, as irrelevant and incompetent; that is the year 1911 and 1912.

THE WITNESS: Yes, sir.

By MR. SEVERANCE:

Q. And the tonnage has increased from 1,123,000 to 2,537,000 tons?

A. Yes.

Q. Is it or is not it a fact that the value has increased in a greater ratio than the tonnage? That is, the prices you have received have advanced?

A. That is not alone true of the export business, but our domestic business.

Q. That is true of your export business particularly? That the tonnage has not increased as fast?

A. As the value.

Q. Since 1904?

A. Yes.

Q. I do not know whether you understood my question when you said domestic business; I did not ask you about domestic business. You said it is true as to the domestic business. What did you mean by that?

A. I said it was true of both domestic and foreign, that the value of the products has constantly increased.

Q. I know the value has, that is, you have sold a higher finished product?

A. Yes.

Q. You have sold less of the lower raw material products, and more of the finished product?

A. Yes.

MR. DICKINSON: Let us see what he means; ask him what he means.

MR. SEVERANCE: He has already stated.

By MR. SEVERANCE:

Q. What do you term as a finished product in steel; give a few examples, not a numerous lot, but a few?

A. Woven wire fence or a piece of pipe or a bundle of wire, or a crate of galvanized sheets, or a box of tin plate. Those are some of them.

Q. Those are finished products?

A. Those are finished products.

Q. What do you refer to as raw material or semi-finished?

A. Raw material in steel works is generally known as pig iron, spiegel, and ferro manganese, and so forth. Semi-finished, blooms, billets, and sheet or tin plate bars—known as semi-finished material.

Q. Which brings the higher price per ton?

A. The finished material.

Q. Semi-finished or raw material?

A. Finished material, because it is further advanced in manufacture.

Q. Now do I understand that in the last seven or eight years the corporation has sold a larger or smaller percentage of its product in finished form?

A. The larger percentage of its product in finished form.

Q. That is what you meant by your answer a minute ago, about domestic business?

A. I thought I answered that correctly.

Q. I say, that is what you meant when you referred to it?

A. That is what I meant.

Q. In engaging in the foreign trade, at what places in the world have you established agencies?

A. We have agencies in upwards of sixty countries.

Q. Have you a list of them made up?

A. Yes; we have 268 foreign agencies, 20 of which are very large offices, like London, Antwerp and Paris, Copenhagen and Stockholm.

MR. DICKINSON: I do not want to have that put down. Let him file an exhibit of that, if you want to get all those places in.

MR. SEVERANCE: I do.

MR. DICKINSON: Suppose you put it in as an exhibit; it will make less of a record here. Understand I am not objecting. I thought simply it would prevent duplication.

MR. SEVERANCE: Yes. I ask to have this paper marked as an exhibit.

(The paper referred to was thereupon marked "Defendant's Exhibit No. 39, May 12, 1913.")

By MR. SEVERANCE:

Q. I show you defendant's exhibit 39 and ask you if that is a list of agents and agencies that you have had prepared, to which you just referred?

A. Yes.

MR. SEVERANCE: I will offer that exhibit 39 in evidence.

(The paper referred to marked "Defendant's exhibit (Farrell) No. 39, May 12, 1913," was offered in evidence and a copy thereof will be found in the volume of exhibits.)

By MR. SEVERANCE:

Q. I see the first one on this list is the Antwerp warehouse. Will you describe that?

A. We have in Antwerp a warehouse in which we carry about 10,000 tons of material, principally pipe.

Q. But you carry other classes of material?

A. We carry other classes of material, yes.

Q. And what market do you supply from that warehouse?

A. We reach a great many markets; we have shipping opportunities at Antwerp that do not exist in this country. Antwerp is a great distributing point, a large number of sailing vessels go to ports in the world that are not reached by steamer, and there is considerable business done in Switzerland; material is sent up the Rhine to Mannheim, and then over the Swiss Railway.

Q. The destination of those goods is not in Belgium, is it?

A. No; it is just a depot.

Q. Are you able to do business in Belgium in steel products to any extent?

A. We do some business in Belgium; as a matter of fact we sell some rails there.

Q. What kind of rails?

A. Rails for street railways. We have sold considerable rails to the Brussels tramway.

Q. There is a duty on foreign steel, is there not, in Belgium?

A. Yes.

Q. And there are also large steel mills in Belgium?

A. Yes; Belgium exports 90 per cent of its production.

Q. You say your object in having this warehouse at Antwerp is to take advantage of shipping facilities from Antwerp?

A. Largely.

Q. And you move your goods from here and store them there and ship them out in small quantities from time to time, to wherever they may be destined?

A. Yes.

MR. DICKINSON: I do not like to make too many objections, but I think that is hardly proper examination in chief.

MR. SEVERANCE: What is the matter?

MR. DICKINSON: Well, you are stating things and asking the witness if that is so.

MR. SEVERANCE: He is stating what he has already testified to.

MR. DICKINSON: I do not think under any rules that is proper.

MR. SEVERANCE: Well, Judge, you set me an example during the progress of the trial, and perhaps I have fallen into a bad habit. I will try to stop it.

MR. DICKINSON: I will try to correct you.

MR. SEVERANCE: I am glad you have reformed your ideas, Judge.

MR. DICKINSON: I just make that objection now, because I do not want to fill the record with objections.

By MR. SEVERANCE:

Q. You have other warehouses?

A. We have a number of warehouses.

Q. Where are the others located?

A. Johannesburg, South Africa, Sydney, New South Wales, Copenhagen, Denmark, Barcelona, Spain, Singapore, Straits Settlements, Valparaiso and Callao.

Q. What country is that in?

A. Peru.

Q. Have you one in Buenos Aires?

A. We have one at Rio Janeiro—about forty altogether.

Q. At these warehouses, speaking generally, what classes of steel products do you carry in stock?

A. Pretty nearly everything we manufacture in finished material.

Q. You mean by that steel rails?

A. Not rails for steam railroads, but light rails for mines, corrugated iron for buildings, tin plates, wire products, tubular products, and a great variety of products.

Q. And how do you move your products from this country to, say, these warehouses in South America?

A. Largely in vessels which we charter for the purpose.

Q. That is, you load a whole shipload, you mean, when you say you charter a vessel?

A. Yes.

Q. Steamers or sailing vessels?

A. Steamers.

Q. About how many steamers do you have ordinarily under charter?

A. Between 35 and 40. At the present time about 35.

Q. And destined to what ports?

A. All parts of the world.

Q. How far north do you sell your product?

A. We do business in Iceland.

Q. And from what port do you supply Iceland?

A. Via Copenhagen.

Q. How far south do you do business?

A. Punta Arenas, Straits of Magellan; also in the South Sea Islands. We are sending some bridges to Christmas Island at the present time.

Q. Where is Christmas Island?

A. It is about 400 miles from New Zealand, south of the Fijis.

Q. Do you do business in the Fiji Islands?

A. Quite a business; we are building a sugar refinery there at the present time.

Q. I see that you maintain an office at Sydney?

A. Yes; New South Wales, Australia.

Q. Have you any other office in Australia?

A. One at Melbourne, one at Fremantle, West Australia.

Q. Are the managers of these large offices of yours in foreign countries ordinarily Americans or foreigners?

A. Almost entirely Americans, and nearly all of them have been trained in our offices here. We have a civil service system in our business, and our men are promoted from one office to another according to their ability and their aptitude for business in certain countries. One man might be a good business man in Brazil and might be a total failure in Australia.

Q. Do these foreign agents of yours speak the languages of the countries where they are located?

A. Entirely.

MR. DICKINSON: You mean they speak nothing else?

THE WITNESS: No; I do not mean that.

MR. SEVERANCE: In dealing with the natives they do not speak anything else.

MR. LINDABURY: You mean by nothing else, everything.

THE WITNESS: For instance our agent at Batavia, Java, speaks English, he speaks Dutch, he speaks Chinese and Malay.

Q. How about your agent at Bombay?

A. He speaks Hindustani and English and French. He was born in India and came here as a young man, and was with our company a long time, and when he developed we sent him back there.

Q. I notice you have quite an extensive office in London. There is a manager and there are a number of sales agents?

A. Yes, we have about 35 employes in the office there.

Q. Is the product that is handled through that office for consumption in Great Britain or elsewhere?

A. To some extent in Great Britain, but largely for shipment to other countries. London is a great clearing house. All the merchants in different countries have their buying offices there and shipping offices, and banking, and so forth.

Q. Do you ship goods by way of London, or do you fill orders taken at the London office direct from New York?

A. We fill the orders direct from here. We do not ship anything to London for trans-shipment.

Q. You maintain no warehouse there I presume?

A. A small one for rail bonds and specialties of that kind, which are peculiarly American products.

Q. Where are those sold?

A. Sold to street railways in England and some on the continent. We sell considerable woven wire fence in Great Britain. That is an American product.

Q. You mean it is not manufactured in Great Britain?

A. Not to any great extent. Some of these things they are taknig up there now.

Q. I notice in this list of agents a number of firms at different places. Are those people exclusive agents of yours, or are they merchants, or what are they?

A. Well, they occupy a dual capacity. The one in Paysandu, Uruguay, might be a merchant in a small way, but his principal business would be in holding agencies for various lines of products which he would import or indent; that is, on requirement of customers.

Q. Does a corporation like the Steel Corporation, which manufactures a large variety of products, have any advantage over a corporation whose products are limited to one or two or three lines, in doing foreign business?

A. An enormous advantage.

Q. In what does that advantage consist?

A. Well, in the case of a railway in Brazil, working under a concession from the Brazilian Government. The concession generally stipulates that all the rails to be used in the construction of the railway must be shipped together. You might ship the rails in one vessel and fail to include the fish-plates, and when the fish-plates come along they would pay a duty. Then it is an advantage to the consumers in those countries to get all their materials on one bill of lading. They generally have to pay a tax on the bills of lading, and if they have twenty bills of lading, they would pay twenty taxes, whereas, if the products were all included on one bill of lading, they would just pay the Government for the one bill of lading. That is the reason all that business is brought before the consuls here. Every bill of lading that goes out to a foreign country is vised by the foreign consul before the goods are cleared.

Q. What is the nature of your customers in foreign countries? Do you sell merchants or directly to consumers, or both?

A. We sell to merchants, consumers and manufacturers.

Q. Is there any advantage in selling to merchants to have a diversified line of products?

A. A great advantage. That is the reason why we have been able to develop our business, because we could offer them a diversified line of products from one source.

Q. From your knowledge of the business and of the way it is done, what would you say as to whether or not the different constituent members of the Steel Corporation could all together have developed such a foreign trade as has been

developed by the Corporation, if they had remained separate and distinct?

A. It would have been utterly impracticable or impossible. We had had an exemplification of that at the Pittsburgh Wire Company, where we were obliged to confine our exports to two or three different products, because of the necessity of having facilities to deal with certain lines of business.

Q. What has been the percentage of cost of selling in foreign countries, speaking of the time of the organization of the Products Company and at the present time?

A. At the time of the formation of the United States Steel Products Company it was costing the various subsidiaries that were doing a foreign business between seven and eleven per cent. In the case of the National Tube Company it cost them eight and a half per cent.

Q. Does that mean on the face of the sales?

A. On the invoice value. At the present time it costs .8 of one per cent to do our foreign business.

Q. Has that been a gradual decrease or a sudden one?

A. Gradual. In 1905 we started in; it cost us three per cent the first year and has been gradually getting smaller up to the present time, until last year, or 1910 or 1911 it cost .8 of one per cent, and we expect to get it down to one-half of one per cent.

Q. Why could not a corporation manufacturing only a single line of goods develop their trade and sell to advantage? Have you any further reasons?

A. In the first place, they would not have the selling facilities, a pipe manufacturer could not afford to establish an office in Singapore, or a tin plate manufacturer could not establish an office in Valparaiso for the purpose of selling a few dozen boxes of tin plates that might be bought there every year—it is the great bulk of the product and the diversity of the product that we are able to offer through these various offices that enables us to do this large business, and the reasons I have stated are the principal reasons why a smaller concern manufacturing one line of goods would be unable to cover the whole world with their sales.

Q. Take, for instance, the American Steel & Wire Company, as an economic proposition, as a business proposition:

will you state whether or not it would have been feasible or possible for the American Steel & Wire Company to maintain agencies in the various countries as stated on Exhibit 39.

A. It would have been impossible, owing to the cost.

Q. What would be the fact as to the Carnegie Steel Company in all these countries?

A. The same thing would apply to the Carnegie Steel Company, even to a greater extent because of the character of their product, which is not as widely consumed as wire products and sheet steel products, and some of these others, except in the case of some coarse products.

Q. What influence, if any, does the offering of one class of steel products have on the sale of another?

A. In the export markets we say that one product sells another; that is, by having the great range of products, the buyer has an opportunity to order practically all of his requirements. Frequently these people will charter their own sailing vessels and load them themselves. They want to buy everything they can. In the case of the Costa Rica Railway, some time ago we furnished them everything that went into the railroad, steel ties, rails, and steel telegraph poles. They do not use any wood there on account of the ants.

MR. SEVERANCE: The ants eat them up?

THE WITNESS: (Continuing) Even lignum vitae, and the rail bonds, the telegraph wire, the fish plates and the bolts, spikes and nuts, and practically everything that went into the railroad. That material went down in two or three vessels.

Q. Take your Batavia office in Java, what class of commodities do you handle in that office?

A. The Batavia office sells in Java, Sumatra and Borneo. We sell in that country a considerable quantity of pipe for oil wells. Sumatra is an enormous oil producing country, and the same is true of Borneo. We sell large quantities of galvanized iron, because in all these warm countries they do not build wooden houses for the natives; they live in these sheet iron houses.

Q. It must be as cool as a steel car in hot weather?

A. They use a great variety of products, special kinds of wire nails, special types of wire nails. The type of wire nail

used in Australia is not salable in Java because they will not buy an oval wire nail in Java, whereas in Australia they want the oval nail. They think it drives easier, and it followed the old cut nail.

Q. Do you remember any other products that you handle through the Batavia office?

A. I have referred to pipe and wire products and sheet steel products.

Q. There are various kinds?

A. Some light rails for industrial railways, for tea plantations, and so forth; and light structural material for tea drying sheds, and all that sort of thing.

Q. What sort of goods do you handle through your Bombay office?

A. Largely sheet steel products, and some forms of angles for tea drying establishments, some wire products, wire nails to be bought in small packages that are sold in bazaars. Nearly all the business done in Bombay is done in the bazaar, the great market place.

Q. You mean you put up your nails in packages smaller than kegs?

A. Seven pound packages.

Q. Where are they put up, here?

A. Here, at Allentown.

Q. And shipped in that form?

A. Shipped in that form. We have an office at Calcutta also.

Q. What do you sell through your Calcutta office?

A. Largely the same line of goods.

Q. How many of the different subsidiaries of the Corporation furnish a portion of the goods sold through the Bombay and Calcutta offices?

A. Carnegie Steel Company, the American Steel & Wire Company, the National Tube Company and the American Sheet & Tin Plate Company, and the Lorain Steel Company. Of course we do business all over the world in street railway materials, that is, frogs and points and crossings and special track rail.

Q. Where is the plant of the Lorain Steel Company located, that handles that business?

A. At Johnstown, Pennsylvania.

Q. That is east of Pittsburgh?

A. 78 miles east of Pittsburgh.

Q. What sort of materials do you handle through your Buenos Aires office?

A. The general line of products; we do a business in Argentine of $6,000,000 a year.

Q. What do you mean by "general line of products"?

A. Wire products, sheet steel, tin plate, rails and structural material, street railway material, practically all kinds.

Q. I notice on your Exhibit 39, in connection with the Buenos Aires office, you have a general representative and also a resident engineer and an engineer; what are they for?

A. They are there for the purpose of designing steel structures and buildings. We built the first steel structure in South America, in Buenos Aires, about eight years ago. Since that time we have built every steel structure that has been erected in Buenos Aires. We have our own construction force there and have had practically all that business.

Q. Are they similar to the steel structures in the United States?

A. Yes; that is the reason we were able to interest them as compared with the bulky structures that were offered by the European fabricators of such structures.

Q. Did you or did you not get that business in competition with Europeans?

A. The first contract we got simply because the design we offered appealed to the investors who were constructing the building, and largely because of the efforts of an American architect at that time residing in Buenos Aires, who was interesting these people in building a very large hotel, which is known as the Plaza Hotel. It is a duplicate of the Hotel Majestic in New York.

Q. That is eight years ago?

A. Eight years; 1905.

Q. Since then have you met with competition from foreign people?

A. Yes. We do suffer competition with English, German and French steel makers on building work, but they use their own sections, which are heavier than ours, and they were endeavoring to sell their product against ours by reason of the lower ton price, and we were endeavoring to get a higher ton price by giving a lighter structure that will answer for a greater amount of work.

Q. That is, you design the lighter material?

A. Yes.

Q. Of sufficient tensile strength?

A. That will stand the stresses.

Q. I believe you said you have been very successful indeed?

A. Yes; we have maintained a very large office there. We are building a number of government buildings there. We built all the buildings that were used at the Buenos Aires Exposition. We built one for the Argentine government and one for the United States government for their exhibits. The president of Argentine opened the exhibit in our building.

Q. What railway supplies do you sell there, outside of rails, if any?

A. Bolts, screw spikes, known as tirafonds, frogs, and points and crossings, rails, and accessories.

Q. What, if any, wire products do you sell there?

A. We sell considerable quantities of barb wire, wire for drawing down into smaller gauges. There are several small wire manufactories there who draw down heavier wires into weaving wires. We do not sell any wire nails there because the duty is prohibitive.

Q. How many of the subsidiaries of the United States Steel Corporation contribute to the goods that you sell in the Argentine—which ones?

A. Shall I name them?

Q. Yes.

A. The Carnegie Steel Company, the American Sheet & Tin Plate Company, the American Steel & Wire Company, the National Tube Company and the Lorain Steel Company.

Q. I see that you have an office at Cape Town, South Africa.

A. Yes.

Q. What is the nature of the business handled through that office?

A. Our principal office in South Africa is at Johannesburg.

Q. In the Transvaal?

A. Cape Town is a smaller office, and sells material to the agricultural community there, whereas at Johannesburg we sell large quantities of pipes to the diamond mines and gold mines, and large quantities of light mine rails, in sections of from eight to thirty pounds. We have done a considerable business with the South African government there in telegraph and telephone wires, but just at the present they are establishing their own steel works there in the Transvaal.

Q. How are you able to sell to the South African government, in view of the fact that it is an English dependency?

A. Prior to the formation of the Union of South African Republics, we were doing more business than we are at present, because at that time it apparently was not so much under the domination of Great Britain as it is under the present government with Mr. Gladstone as Governor General there. When the Transvaal had its own government and the Orange River Free State and the Cape Government and the Natal Government, all the buying was done in those various localities. At the present time it is all done through agents—gentlemen known as agents general, who are located in London.

Q. Which ones of the subsidiaries of the United States Steel Corporation furnish product for sale at these offices in South Africa—Cape Town and Johannesburg?

A. The Carnegie Steel Company, the National Tube Company, the American Steel & Wire Company, the American Sheet & Tin Plate Company and the Lorain Steel Company.

Q. I see you have an office at Lima, Peru?

A. Yes.

Q. What class of goods do you sell in Peru?

A. Largely sheet iron, tin plate, light rails for the mines; and in Bolivia, going up through Potosi, some wire products. The principal business on the west coast of South America,

the largest volume, is in galvanized corrugated iron. Aside from the office at Lima and at Valparaiso, we maintain fourteen offices on the west coast of South America, from Guayaquil in Equador, to Punta Arenas in the Straits of Magellan. We have business there. It is a great wool growing country. Also in Patagonia.

Q. What kind of products of yours are used in Patagonia?

A. Corrugated iron and wire products. We are furnishing the material now for the railway that is being built by the Argentine government south of Bahia Blanco down to San Antonio and beyond Port Madryn, which will eventually connect with Punta Arenas.

Q. There is a railroad projected clear through to Punta Arenas?

A. Yes; the Argentine government is building a railroad.

Q. You are furnishing the material?

A. Yes.

Q. What is it,—rails?

A. Rails, and a great deal of material going into the construction of the road. We have shipped some cargoes to San Antonio. I think we are the only people that ever went there. I mean we are the first to send cargoes there.

Q. Where is San Antonio?

A. 600 miles south of Bahia Blanco.

Q. In the Argentine Republic?

A. In Patagonia. It is a land locked harbor, with plenty of water at high tide and very little water at low tide.

Q. What classes of goods do you sell through your Mexico office in Mexico City?

A. Largely wire products, sheet steel, tin plate, tube—a general line of products.

Q. Is that a large or a small business, in Mexico?

A. It is a very large business. We have offices at Mexico City, Chihuahua, Mazatlan, San Luis Potosi and Tampico.

Q. Do you have warehouses in Mexico?

A. At Tampico and at Mazatlan on the Gulf of California.

Q. From what subsidiaries do you supply that?

A. From the Carnegie Steel Company, the American Steel & Wire Company, the American Sheet & Tin Plate Company, the National Tube Company and the Lorain Steel Company.

Q. Up to this time have you been able to use the Tennessee Coal and Iron Company's plant in any Mexican business?

A. We commenced to develop the export business from the Tennessee Coal & Iron Company's plant in 1908, and we are selling some material in Mexico from Birmingham, from the Tennessee Coal & Iron Company's plant, that is shipped from Mobile and Pensacola.

Q. As compared with that from the northern ports, is it a large or a small tonnage?

A. It is a small tonnage at present, but we are spending a great deal of money there, with the idea of developing the Tennessee Coal & Iron Company and utilizing its facilities for foreign business in South America. The first order for rails was sent there in 1908.

Q. Was the Tennessee Coal & Iron Company engaged in the export business at the time it was acquired by the Steel Corporation?

A. No; not as far as steel products were concerned, but they occasionally exported pig iron.

Q. But not steel?

A. No.

Q. I think you have an office at Montreal?

A. Yes.

Q. What classes of goods do you sell through that office?

A. We sell about 60,000 tons of wire products a year through that office, principally wire rods. We sell considerable quantities of sheet iron, tin plate and mine rails, and occasionally standard rails, when the mills in Canada are unable to fill their orders, and when the mills in England are busy.

Q. Are you in any way handicapped in competing for business in Canada with manufacturers of any other country?

A. To the extent of the operation of the British preferential tariff; the British manufacturers have a preference of one-third of the duty in Canada.

Q. Has that changed the percentage of business that they do there?

A. To some extent.

Q. Do you export rails to Canada?

A. Yes. At the present time we are executing an order

for the Canadian Northern Railway for 25,000 tons. Those rails are being rolled at the Illinois Steel Company's works in South Chicago and shipped to Port William by boat and sent on to Calgary. Those rails cost $52.37 a ton delivered at Calgary.

Q. When you say that the British manufacturers have an advantage of one third, do you mean that they pay two-thirds of the tariff duty that we pay?

A. Two-thirds, yes.

Q. That is, of the general duty that we pay or anybody else pays?

A. Yes.

Q. Is it a regular business in Canada in these rails, or is it an irregular business?

A. There are two rail mills in Canada, one at Sydney, Nova Scotia. They rolled their first rails in 1905. There is another large rail company, the Algoma Steel Company, at Sault Ste Marie, Ontario, which started in 1902.

The development, or rather the building of railways in Canada, has gone on at a tremendous pace for three or four years. They have been building two or three transcontinental lines and making extensions and arms of all the trunk lines in different directions, and it has created an enormous demand for rails in Canada.

Q. Are you able to sell rails in eastern Canada?

A. Very seldom. It is a question of freight rates. The duty on British rails is $5.04 a ton, and the duty on American rails is $7.84 a ton. The rail maker at Middlesborough lands rails at Montreal——

Q. You mean Middlesborough, England?

A. Yes; and also at Barrow, for a rate of one dollar, or $1.75 a ton; whereas our freight rate would be $3.40 a ton, and we would have the additional handicap of the duty.

Q. As a matter of fact do the English get the larger proportion of the imported rails to that part of Canada?

A. They have gotten the bulk of the eastern business.

Q. That is what I mean.

A. Yes. In Nova Scotia they buy occasionally from this country. The Maryland Steel Company, which has a plant at tidewater, at Sparrows Point, Maryland, are able to char-

ter, at low rates, sailing vessels going to Nova Scotia and New Brunswick for lumber and going back light, and they get very low rates at times to places like Halifax, St. Johns, New Brunswick and Yarmouth.

Q. But that does not apply to your situation?

A. No, sir.

Q. You have no mills in similar locations?

A. No. From Pittsburgh to St. Johns or New Brunswick the rate would be over $5.50 a ton as against a water rate from Sparrows Point of $1.50 or $1.75.

Q. Where is New Glasgow?

A. In Nova Scotia.

Q. What do you sell through that office?

A. Some structural material.

Q. What is that used for—buildings or bridges?

A. It is mostly used around the mines, for making tipples and mine frames and shafts and various work of that character.

Q. How does that traffic move to Nova Scotia from your mills?

A. Sometimes via Baltimore; from Pittsburgh to Baltimore, all rail, and then by sailing vessel; and sometimes all rail. We manufacture special sections of mine timbers, which are being bought all over just as they are now buying, all over the world, an oil rig that we manufacture,—a steel oil rig to be used instead of a wooden one.

Q. What is that?

A. It is known as a rig structure.

Q. What do you sell through the Rio Janeiro office?

A. Some wire products; a considerable quantity of rails and railway accessories; corrugated iron; some tin plate for canning purposes; also street railway materials. We sell quite a little wire for transmission, and some fabricated material for transmission towers. There are a great many hydraulic developments in Brazil which require large numbers of transmission towers, in which we specialize. We built a plant at Pittsburgh especially to manufacture those towers for such purposes.

Q. Which subsidiaries of the United States Steel Corporation contribute to the traffic through the Rio Janeiro office?

A. The American Bridge Company, the Carnegie Steel Company, the American Sheet & Tin Plate Company, the American Steel & Wire Company and the National Tube Company.

I would like to add the American Bridge Company to the list that I mentioned in connection with Buenos Aires.

Q. Yes; I was going to ask if you did not omit that in connection with Buenos Aires.

A. Yes.

Q. Do the American Bridge Company keep erectors in Brazil as well as in Buenos Aires?

A. We send erectors all over the world.

Q. You mean you send a force of men from this country?

A. Yes; generally superintendents and foremen and some times expert riggers.

Q. What is a rigger?

A. He is a man that will go aloft on a twenty story building and hang on with one hand for himself and one for the building.

Q. You send those men all over the world, you say. Can you be a little more specific?

A. Yes. At present we have men at work building some viaducts in Peru for the Peruvian Central Railway. We have two sets of erectors in Argentina, one building some bridges for the Cordova Central Railway there. We have them in South Africa, quite frequently in Mexico, seldom in Canada, because the laws of Canada will not allow an American manufacturer to send workmen over there to do any erection work.

Q. Do you do any business on the South side of the Mediterranean?

A. Yes; we do quite a business along the north coast of Africa, in Algiers and Morocco. We have an office at Tangier.

Q. You have an agent there?

A. Yes.

Q. What class of business do you do in Morocco and Algiers?

A. In fine wire products, small nails, some wires, some forms of sheet iron; and a general line of products. It is not a large business. We do not get any rail business there, because it is a French colony; and the French colonies or the

colonies of any other country are not buying rails from this country.

Q. Do you do any business at Tripoli and Egypt?

A. Yes; we have business at Cairo. We sell a considerable quantity of wire nails in that market. We have sold, at times, cotton ties for the baling of Egyptian cotton.

Q. Are there any other classes of goods you sell there in Egypt? Do you sell any bridges there?

A. No. Most of the bridges bought for the Egyptian Government are furnished from England, under specifications drawn in favor of British manufacturers. That is particularly true of the Soudan bridges.

Q. I see you have an office in Shanghai?

A. Yes.

Q. What kind of business do you do through that office?

A. We do about $4,000,000 a year of business in China. Shanghai is our principal office. We also have an office at Tientsin, one at Pekin and one at Hong Kong. We do a large business in wire products, a considerable business in sheet iron and in various kinds of materials which are further advanced in manufacture. The Chinese buy large quantities of discarded material,—defectives, we call them—defective wire rods or wire nails, defective sheets. It is the great market for defective material. They shape these things up into various articles, in a very clever and commendable way. They make a very good razor from a low carbon steel wire rod. They even buy old horseshoes. A great many of the old horseshoes go out there. We have also done a considerable railway business in China. We have contracts now with the Che-kiang Railway Company for rails. We have sold considerable to the Canton and Hankow Road and practically all the privately owned roads. We have never been able to sell to the Imperial Roads, such as the Northern Railways in China, or some of the others there.

Q. I am pleased to see that you have an office at St. Paul,—although it is not spelled correctly; it is spelled here Sao Paulo.

A. That is Sao Paulo in Brazil; that is the state of Sao Paulo.

Q. What do you sell through that office?

A. Sao Paulo is a great coffee growing state. We sell large quantities of woven wire and corrugated iron, light rails for the plantations, and all sorts of pipe and tubing products.

Q. I neglected to ask you which of the subsidiaries of the Steel Corporation contribute to the goods you sell through Shanghai and the other Chinese agencies?

A. The American Bridge Company is one. We have done a great deal of bridge building there. We have two erecting forces there now. Also the Carnegie Steel Company, the American Steel & Wire Company, the American Sheet & Tin Plate Company and the National Tube Company; also the Lorain Steel Company; we are furnishing points and crossings now for the Shanghai tramway, or were recently,—possibly not at the moment; but within a recent period.

Q. What companies contribute to the goods sold through the Sao Paulo office of Brazil?

A. Up to the present the American Steel & Wire Company, the American Sheet and Tin Plate Company, the National Tube Company, the Lorain Steel Company and the American Bridge Company. Also the Lorain Steel Company has done a large business there with the Sao Paulo Tramways.

Q. What kind of business do you do through your Sydney Office in Australia?

A. Wire products, corrugated iron, rails, bridge material and tubular products.

Q. Is there a preferential duty in Australia in favor of England?

A. Five per cent.

Q. Only five per cent, whereas it is 33 per cent in Canada, as I understood?

A. Yes; but five per cent amounts to a dollar and a half a ton, and you can win or lose an order on five or ten cents a ton.

Q. Are you doing a large or small business in Australia?

A. We have a large business in Australia. It is a very large country. Pardon that observation.

Q. You mean that you do a large business because it is a business in proportion to the size of the country, as com-

pared with some of these smaller countries you have been mentioning?

A. Yes. Australia has a population of about 6,000,000 people. We are now furnishing rails to the Trans-continental railway, which is being built from Adelaide and Port Pirie to Fremantle on the West Coast of Australia. We are furnishing 36,000 tons of rails, and I believe we have just received a further order for 18,000 tons.

Q. Are those orders secured through your agencies over there?

A. That order was secured through our Sydney office.

Q. Do you sell a general class of goods in Australia?

A. Yes. We sell large quantities of tubular products for deep well boring. In some localities they had a great deal of trouble in getting water. It is all deep well boring there, and we sell these light pipe also to gas companies, both in Melbourne, Brisbane and Fremantle.

Q. In general do the same subsidiaries contribute to that as you have named in connection with these other places?

A. The same.

Q. Does the American Bridge Company do business in Australia?

A. Not for the last two or three years. We formerly sold a considerable number of highway bridges in Australia, until they established a bureau there called the Intelligence Department. Wherever they could gather up our invoices, giving the details of our business, the dimensions and the prices, and all that sort of thing, they promptly sent them over to the manufacturers of Great Britain. The preferential tariff of five per cent, and that sort of practice has gradually resulted in a dwindling of our business in what we call highway bridges. We have built some very large bridges in Australia, notably the Cambridge Bridge, which is one of the largest bridges in the world. We are now estimating on a bridge and have sent our engineers to Sydney to design a bridge to cross the Parramatta River at Sydney, which will probably be one of the largest bridges in the world and which will probably cost eleven or twelve millions of dollars. We have been invited by the New South Wales Government to send our designers there for that purpose.

Q. What do you handle through your Valparaiso office?

A. The office at Valparaiso is the main one of our Chilean offices. We have eight or nine offices in Chile—one at Valparaiso, one at Santiago, one at Coquimbo, one at Iquique, one at Talcahuano, one at Antofagasta, one at Mollendo. The products are largely corrugated iron and wire products; considerable wire rope for aerial tramways for the nitrate mines; tubular products for the nitrate mines; tin plate for canning; there is a considerable amount of canning done in pineapples and other canned goods.

Q. What subsidiaries of the Steel Corporation contribute to the sale through the Valparaiso and these other Chilean offices?

A. The American Bridge Company, the American Sheet & Tin Plate Company, the American Steel & Wire Company, the National Tube Company and the Lorain Steel Company.

Q. I see you have an office at Vancouver, British Columbia. What kind of business do you do out there?

A. Largely light rails for the lumber camps, sheet iron, wire for winding wooden pipe for the mine sluicing work and hydraulic work, tubular products, and so forth.

Q. How does that material move—by rail or by boat?

A. The British Columbia business, that is, our Vancouver business, has been rather a difficult proposition to work out. The freight rates from Pittsburgh to Vancouver on our products are $18 a ton. The freight rate from Liverpool or Antwerp by steamer—and there are six lines of steamers running out there—vary from six to seven dollars a ton. Probably during this recent boom in ocean freights it has gone up to 35 shillings a ton or, say, $9.

After we had established our office there and opened a warehouse, we found it was impossible to do very much business unless we started a line of steamers. We operate a line of steamers from New York to Vancouver via the Straits of Magellan, and those steamers stop at various places on the west coast of South America, at ports like Guaymas and Mazatlan on the west coast of Mexico. We have been furnishing material for the last two or three years for building a railroad in Columbia from Buenaventura to Cauca and then across to Bogata.

Q. That is on the west coast?

A. Of Columbia. These steamers go in there with materials for this railway.

Q. Is there a harbor there?

A. Yes. These steamers are the only steamers from this country which go to that port. We have also been carrying considerable quantities of material for other manufacturers in this country who have been unable to develop a business because of the lack of facilities; for instance in wheelbarrows and all sorts of things, track mauls and everything that goes into a country of that character.

Those steamers sail from here about every two months and go out with full cargoes of steel, excepting that occasionally we carry materials for anybody that has them to ship. We endeavored to do some business from eastern Canada, on account of the lower freight rates by reason of this water facility, but the Canadian government refused to issue bills of lading from an eastern Canadian port to a British Columbia port via the United States, the idea being to leave the business for the Canadian railways, and not to give it to a water facility originating in New York.

Q. Do you mean a manifest or a bill of lading?

A. I meant a manifest. I beg your pardon. I meant what we call a white manifest; an in bond manifest.

MR. LINDABURY: You left those ships down on the west coast of Colombia. We must get up to Vancouver with them.

By MR. SEVERANCE:

Q. Yes; please proceed.

A. Those steamers all call at Coronel in Chile, and call sometimes at ports like Valparaiso. We have sent the vessels into a port in Ecuador, which is only reached by these vessels, called Bahia de Caraquiz, where they are building a railroad into Ecuador. From there they go to Mazatlan and Guaymas and then to Vancouver; sometimes to Victoria. Some of our vessels are now going on to Prince Rupert. We have secured a contract for building docks at Prince Rupert.

Q. Where is that?

A. British Columbia. That is the terminus of the Grand Trunk Pacific Railroad.

Q. What do they load with coming back, then?

A. Then we go into the merchandise business to get the ships back here again to load them out with steel. The steamers are chartered out for lumber or coal to the Gulf of California; that is, to Guaymas and Mazatlan. They go across to a place called Santa Rosalia and load full cargoes of copper matte from the Bolero Mining Company, owned by the Rothschilds. Those vessels go, then, from there to Dunkirk, France, to discharge this copper. They are then chartered again to bring them across the Atlantic and get them back here to go on a triangular run again. They generally come over with chalk; occasionally with other commodities. Just now we are bringing over a cargo of tin plates in one of these from Swansea.

Q. How long does that trip take—the round trip?

A. From seven and a half to eight months.

Q. How many ships have you in that service?

A. We have four ships that we own, or that are owned by the Steel Products Company, and two chartered ships. There are six ships in that business.

(Whereupon, a recess was taken until two o'clock p. m.)

AFTER RECESS.

JAMES A. FARRELL,

the witness under examination at the taking of recess, resumed the stand.

DIRECT EXAMINATION (Continued)

By Mr. Severance:

Q. I notice you have an office in Trieste, Austria; what do you sell in Austria?

A. Wire products, principally, and some pipe.

Q. That is manufactured by which subsidiaries?

A. The American Steel & Wire Company and the National Tube Company. It is a trans-shipment port, and the warehouse there is largely for convenience for shipment to ports on the Adriatic and ports in Syria and ports in the Mediterranean.

Q. You speak of ports in Syria; what ports do you do business through in Syria?

A. Beirut.

Q. What do you sell in the Holy Land and around that region?

A. Mostly wire nails for boxes for dates, for figs and things of that kind.

Q. Any other products?

A. Some woven wire fencing, some pipe and some galvanized iron.

Q. Where does that go, what ports in Syria? Does it go around generally through the country, or only near the coast?

A. Principally the coast ports.

Q. And it is distributed from there?

A. Yes; a great deal of it is taken back into the country.

Q. Do you sell to consumers or dealers?

A. Importers, merchants.

Q. I notice you have on this list Exhibit No. 39 quite a large number of firms in Australia; those are in addition to your agents, I suppose, that you testified about?

A. They handle specialties mostly; they specialize in some certain products.

Q. Where do they get their goods? Do you send them direct or do you send them through your warehouse in Australia?

A. Principally direct, except where concerns are located in the interior, but to all coast points they are sent direct.

Q. How does your traffic move to Australia?

A. Largely from New York and Baltimore.

Q. Through Suez?

A. Through Suez, and some around through the Capes, the Cape of Good Hope.

Q. In sailing vessels or steamers?

A. Steamers, principally.

Q. In your own steamers or steamers that you operate under charter, or in liners?

A. Mostly in regular liners.

Q. What liners are there running from New York to Australia?

A. There are five lines running from here; the Federal Steam Navigation Company, the German Australian Line, the Hansa Line, which is also a German Line, the United States and Australian Line, which is a line operated by a group of New York merchants. and the American and Australian Line, which is an English line.

Q. And the most of your traffic to Australia goes by one of those lines?

A. Yes; there are four steamers a month to Australia.

Q. Four steamers a month?

A. Yes, and two to New Zealand.

Q. Do these steamers run to New Zealand?

A. Yes.

Q. I see you have also a number of firms under the heading of Brazil?

A. Yes.

Q. One of them is a New York firm, Thomson—there are two, Amsinck and Thomson?

A. Yes.

Q. And what kind of business do they handle, and how do they handle it?

A. They have agencies for certain lines of products; they specialize in one or two things.

Q. Is that delivered to them direct or through warehouses?

A. It is shipped direct.

Q. I see you have two agents in Rangoon?

A. Yes.

Q. That is in Burma?

A. Yes.

Q. What kind of goods do you sell in Burma?

A. We sell large quantities of pipe for the oil wells. It is a great oil producing country.

Q. What else?

A. We send woven wire fabrics there for the rice drying industries. We send a great deal of wire nails and a considerable quantity of sheet steel for buildings, houses and so forth.

Q. Which of the subsidiaries of the Steel Corporation contribute to the sales in Burma?

A. The National Tube Company, the American Steel & Wire Company and the American Sheet and Tin Plate Company.

Q. I see you have agents in various ports in the British West Indies?

A. Yes.

Q. Which islands in the British West Indies do you ship to?

A. Jamaica, Trinidad, the Leeward Islands and the Bahamas.

Q. What classes of goods?

A. General products; they take a general line of products.

Q. Furnished by what subsidiaries?

A. The American Bridge Company, the American Steel & Wire Company, and some street railway material in Jamaica, that we sell from the Lorain Steel Company.

Q. That is at Johnstown?

A. That is at Johnstown.

Q. Do you run boats yourself to the West Indies, or do you send your stuff in liners?

A. Well, in cargo boats, not passenger boats.

Q. Under charter or otherwise?

A. Some under charter, and there are various lines operating to the West Indies from New York.

Q. I see you have one agent in Cincinnati who is put down here as an agent of the Balkan States. What does he do?

A. He had a concession from the Roumanian Government for a pipe line, and we sold the pipes through him to the Roumanian Government. He is just a special agent.

Q. Then you have a firm here at Varna, Bulgaria.

A. We do considerable business in Bulgaria in wire products, some pipe and steel sheets; that covers it, I think

Q. What subsidiaries furnish those?

A. The American Sheet & Tin Plate Company, American Steel & Wire Company and the National Tube Company.

Q. Where is Varna located? Is it a port or an interior town?

A. Varna is an interior town. The port is Constantza.

Q. That is a port on the Black Sea?

A. Yes, sir.

Q. How do you reach that port from America with products?

A. Well, we have built up a considerable business there, and as the result of that a line was established. We furnish the nucleus of the cargo. It is known as the American Levant Line, now operating between New York and Mediterranean ports.

Q. Who else ship by that line aside from your company?

A. Manufacturers of various kinds of goods; merchandise of all kinds.

Q. Steel and other kinds?

A. Occasionally some steel.

Q. You say you were instrumental in some way in getting it started?

A. Our goods were formerly sent to Hamburg and were sent out by the Dutch Levant Line. We built up the nucleus of the business—the steamers sail every six weeks—and we were able to offer these steamers from 3,000 to 5,000 tons of cargo, and then the firm put on this line of steamers, a British firm, to ship over there.

Q. There are a number of firms here under the heading Central America. In what states do you do business there?

A. Salvador, Costa Rica, Nicaragua, Venezuela and Guatamala.

Q. And Honduras?

A. And Honduras, British Honduras and Spanish Honduras.

Q. What classes of products go to that region?

A. Wire products, galvanized iron, some tin plate, a considerable quantity of light rails for the plantations, pipe and bridge material pretty largely, for highway bridges and railroad bridges.

Q. What companies among the subsidiaries of the Steel Corporation furnish the goods that are sold in Central America?

A. The American Steel & Wire Company, the National Tube Company, the American Sheet & Tin Plate Company, the American Bridge Company, the Carnegie Steel Company and the Lorain Steel Company.

Q. Is that a large or a small business?

A. It is a large business in the aggregate, over the whole of the Central American States.

Q. Is it increasing or otherwise?

A. Increasing.

Q. You mentioned this morning that you had a number of agents in Chile. I see on this exhibit a large number of firms mentioned under the heading of Chile.

A. They are sub-agents of our offices.

Q. They sell to consumers or merchants, or to whom?

A. Mostly to the plantations and to the nitrate producers.

Q. You spoke this morning of certain business that you are doing in the way of rails in the United States of Colombia, South America. What other classes of business do you do in Colombia than that, if any?

A. Pipe for water works, sheet iron, wire products and some beams and angles, bars, and materials of that character.

Q. I see you have about eight agencies down there. How do those agents sell, to whom?

A. They sell to smaller merchants; they are mostly large merchants like Pombo Hermanos—Pombo Brothers, Cartagena. They sell to smaller merchants.

Q. That traffic to Colombia—that is, I am speaking of that that moves by the Carribean Sea—does that move by liners or chartered vessels?

A. Mostly by small passenger vessels which also carry cargo; there are three or four of them.

Q. I observe that you have a number of agents in Cuba. What kind of business do you do in Cuba?

A. We do a general business in Cuba, about $5,000,000 a year, materials for sugar grinders, railway materials, and corrugated iron for buildings, pipe for water works, mate-

rials for street railways and building material. We build a great many sugar houses or grinding houses there.

Q. Who erects those?

A. We send our own force down there to erect them.

Q. Which company of the subsidiaries furnishes that?

A. The American Bridge Company.

Q. Which ones of the subsidiaries contribute to this traffic that goes to Cuba?

A. The Carnegie Steel Company, the National Tube Company, the American Steel & Wire Company, the American Sheet & Tin Plate Company and the Lorain Steel Company.

Q. I see you have an agent in Cyprus, the Island of Cyprus in the Mediterranean?

A. Yes.

Q. What do you sell in Cyprus?

A. Mostly fine wire products.

Q. How is that stuff handled, direct or through some of your European warehouses?

A. Direct, generally. We ship from here to Piraeus in Greece, and it is trans-shipped around there in small boats.

Q. Do you have other business than wire business in Cyprus?

A. It is small business.

Q. There is some general business?

A. Yes.

Q. Furnished by different subsidiaries?

A. Different companies.

Q. You have an agent in Denmark?

A. At Copenhagen.

Q. What is the nature of the business you do in Denmark?

A. Our business in Iceland is all trans-shipped from Copenhagen, and our Copenhagen agent sells a considerable quantity of woven wire fence, and pipe to the gas company, and some sheets for deep stamping work, forming up into utensils and one thing and another.

Q. Which subsidiaries of the Corporation furnish the Danish market?

A. The American Bridge Company, for highway bridges in Iceland. They are trans-shipped from Copenhagen. The

American Sheet & Tin Plate Company, the American Steel & Wire Company and the National Tube Company.

Q. You spoke of highway bridges for Iceland. Do you erect those yourself, or are they erected for you?

A. They are erected for us.

Q. You do not send your men to Iceland?

A. No; the man that does this work there was formerly connected with one of our companies, a Dane, who went out from Copenhagen to Reykjavik.

Q. And he does that erecting work?

A. Yes.

Q. You have already spoken, I think, of the Dutch East Indies, Batavia.

A. Yes.

Q. I see you have several agencies in the Dominican Republic.

A. Yes.

Q. What do you sell down there?

A. Principally galvanized iron, some pipe, and light rails for plantations, and bridges.

Q. How many of the subsidiaries supply that?

A. The Carnegie Steel Company, the American Bridge Company, the National Tube Company, the American Steel & Wire Company and the American Sheet & Tin Plate Company.

Q. The American Bridge Company do business down there?

A. Yes, bridges.

Q. Do you have your own men erect them?

A. Yes. We have men there now who are finishing up some work at the present time.

Q. I see you have some agencies in London, outside of your general offices there?

A. Yes.

Q. What sort of goods do they handle, and what is their destination?

A. They are mostly agents for some commodities such as rail bonds for street railways, copper rail bonds, and woven wire fencing; and we sell in some form the tack plates for shoe nails in the Leicester district to the branches of the United Shoe Machinery Company.

Q. Are those goods manufactured in England?

A. Similar goods are manufactured there.

Q. That is what I mean. And you are able to do some business in competition with them?

A. In some of these high grade specialties.

Q. I see you have an agent in Formosa. I am skipping over the world, but I am taking it up alphabetically.

A. At Tai-wan.

Q. Formosa is a Japanese dependency, is it not?

A. Yes, it is a Japanese possession.

Q. Located off the coast of China?

A. Yes.

Q. What do you sell there?

A. Mostly rails to the sugar plantations there.

Q. How does that traffic move? Direct from here or through some other means of shipment?

A. Formerly shipped to Hong Kong and trans-shipped there. We have vessels going there occasionally now. They call at Tai-wan, which is a port.

Q. What are those vessels, are they under charter?

A. No, they are the regular vessels. They operate to the Far East, but if we collect enough cargo they will go there, say 800 or 900 or 1,000 tons.

Q. What do you say you ship there chiefly?

A. Light rails for sugar plantations.

Q. Anything else?

A. Some corrugated iron, some telephone and telegraph wire.

Q. Which of the subsidiaries furnish that?

A. The Carnegie Steel Company, the American Sheet & Tin Plate Company and the American Steel & Wire Company.

Q. I see you have two agents in Paris; what do they sell?

A. One sells rails principally to French buyers who have interests in other countries; that is, who are building railroads in other countries; and the other agent sells street railway material. And there are in Paris a number of home offices of concerns located all over the world. There are a good many concerns in Peru that have offices in Paris, and concerns in various parts of South America. Their home

office is in Paris; that is true largely of Uruguay and Argentina.

Q. Do you make sales through your various agents for shipments to go to these other countries?

A. Yes, we sell wherever the buyers are located.

Q. What classes of goods do you sell there, all sorts?

A. Practically all kinds of goods.

Q. Do you have an agent in Cape Town for German Southwest Africa?

A. Yes.

Q. What kind of stuff do you sell in German Southwest Africa?

A. Not very much.

Q. The Germans take care of that market pretty well?

A. Yes; occasionally we get some orders. We buy a great deal of palm oil for the tin plate industry there, and occasionally we trade in steel materials for palm oil, do a trading business.

Q. In Greece, I see you have an agent there?

A. Yes.

Q. In Piraeus; what do you sell in Greece?

A. We sold gas pipe there for a number of years to the Athens Gas Light Company. Then we have sold considerable quantities of wire products and sheet steel materials, and some Carnegie material.

Q. How does that stuff move to Greece, direct from New York?

A. Direct; it goes to Piraeus.

Q. In the Island of Hayti, what do you sell there?

A. At the present time we are furnishing the material for constructing the Hayti Railway.

Q. What classes of material, steel rails?

A. Yes, steel rails, steel telegraph poles, railway track accessories, telephone and telegraph wires, and quite a good many bridges, small bridges and viaducts.

Q. Do you erect those yourselves or do you have them erected for you?

A. We are erecting the largest.

Q. With men sent from this country?

A. Yes.

Q. The American Bridge Company?

A. The American Bridge Company.

Q. Which of the subsidiaries are in the Hayti traffic?

A. The American Bridge Company, the Carnegie Steel Company, the American Steel & Wire Company, the American Sheet & Tin Plate Company, and to some extent the National Tube Company.

Q. I see you have two agents in the Hawaiian Islands. What do you sell there?

A. We have two agents at Honolulu.

Q. What do you sell in the Hawaiian Islands?

A. One sells bar steel and horse shoes and general Carnegie products. The other sells wire products and sheet steel and tubular products.

Q. Do you have a large or a small business in the Hawaiian Islands?

A. Considerable business.

Q. How does that traffic move?

A. Mostly via the Isthmus of Tehuantepec, and some via San Francisco.

Q. Mostly by Tehuantepec?

A. Yes.

Q. Not by Panama?

A. Not at present.

Q. The American Hawaiian ships go directly from the Isthmus to Honolulu, do they not?

A. Yes.

Q. Have you done any of the Government work in the Hawaiian Islands?

A. Yes, we have built the Pearl Harbor Drydock.

Q. Is that a large order?

A. A very large contract. We furnished considerable material for the government for various purposes in connection with the Naval Station.

Q. Is the drydock under construction, or is it finished?

A. I think the drydock is completed. We delivered the materials there about a year ago, and encountered some vicissitudes in getting the material there.

Q. But you did not erect the drydock?

A. No.

Q. You have two agents in Holland. What do you sell through those agencies?

A. Those are buying offices, mostly for the Dutch East Indies, Sumatra, Borneo and Java.

Q. These are home offices of the concerns out there?

A. Nearly all the concerns of the Dutch East Indies have offices in Amsterdam or Rotterdam, and people there call on them to secure their orders.

Q. I observe four different agents in the Italian business. What do you sell in Italy?

A. We have an office at Milan that handles pipe exclusively; and an office at Genoa which we established for the purpose of developing business in the Tennessee Coal & Iron Company's foundry iron, Italy being a large market for foundry iron; and favorable opportunities exist there very occasionally to ship there in cotton vessels, ship the iron with the cotton.

Q. Do you do any general steel business in Italy?

A. No; the duties are very high.

Q. The duties are so high that you cannot?

A. Yes, and there are very large steel works in Italy at the present time at Savona, and one near Naples.

Q. You have three agents in Japan; what do you sell there?

A. We do a large business in Japan, about $6,000,000 a year. We have an agent at Yokahama, one at Kobe and one at Nagasaki.

Q. What do you sell in Japan?

A. Wire nails, about 300,000 kegs of wire nails a year. We sell considerable quantities of pipe and large quantities of railway materials, bridges, light gauges of sheets, and some tin plate, and considerable quantities of street railway materials.

Q. Which of the subsidiaries of the corporation furnish the materials that go to Japan?

A. The Carnegie Steel Company, the American Steel & Wire Company, the American Bridge Company, the American Sheet & Tin Plate Company, the National Tube Company and the Lorain Steel Company.

Q. How does the traffic move to Japan?

A. Via the Suez Canal.

Q. Does it move in regular line ships or do you charter vessels?

A. We charter a great many ships.

Q. You charter a great many ships?

A. Yes, there are from three to four ships a month direct to New York from Japanese ports.

Q. You mean liners or tramps, or what?

A. Cargo ships.

Q. I mean, do they make regular sailings and belong to some of the companies?

A. Yes; there are four or five companies operating to the Far East, and we charter a great many vessels, sometimes have four or five ships going out there with whole cargoes.

Q. At one time?

A. At one time. We frequently have as much as 25,000 tons a month to move to Japan, and the regular steamers will take about 3,000 tons in a ship, and there are four ships a month. That leaves about 12,000 tons to take care of, which we have to go out and charter ships for.

Q. Where do you find those ships?

A. Generally charter them in London, at the Baltic Exchange, through the London office.

Q. Do you load these ships exclusively with your own products?

A. Yes.

Q. You have an agency in Korea?

A. At Seoul.

Q. What do you sell there?

A. Principally railway materials and bridge materials. We furnished the materials for the Seoul and Fusan road. We also built a railroad up to the Yalu River at the time of the outbreak of the Russia-Japanese War, at An-tung.

Q. Outside of railway material what do you sell in Korea?

A. There are a number of mining companies there to whom we sell general supplies, corrugated iron and various kinds of materials.

Q. How does that traffic move, the same as the Japanese, or otherwise?

A. That goes direct to Fusan in Korea.

Q. By regular line boats?

A. Yes, by these regular steamers.

Q. Which companies of the subsidiaries of the corporation are engaged in that traffic?

A. The American Bridge Company, the Carnegie Steel Company, the American Sheet & Tin Plate Company and the National Tube Company.

Q. I see you have an agent at Mauritius?

A. Yes, Scott & Company, Port Louis.

Q. What do you sell on the Island of Mauritius?

A. We sell sheet iron and wire products, and pipe—it is not a large business—and some wire nails.

Q. That is off the coast of India, is it not?

A. Africa.

Q. Between Africa and India on the east side?

A. Yes.

Q. Which ones of the subsidiaries take part in that business?

A. The American Sheet & Tin Plate Company, the National Tube Company and the American Steel & Wire Company.

Q. I observe that in addition to the agents you testified about this morning, in Mexico, a large number of firms and individuals are mentioned in different places; how do they do business?

A. Mostly through our Mexico City Office. We have an agent for cotton ties at Torreon, in Mexico. We have agents for different other commodities in different places.

Q. Do you operate boats of your own to Mexico with cargoes?

A. No, these Vancouver boats call on the West coast.

Q. I mean on the East coast.

A. No, there are a number of lines running from here, the Ward Line and the American Cuban Line run there, and the lines running out of the Gulf from Mobile and New Orleans.

Q. I see you have an agent in Newfoundland.

A. At St. John's.

Q. O'Driscoll?

A. Yes.

Q. What kind of business do you do in Newfoundland?

A. Largely railway rails, through Mr. Reid, with the Newfoundland Railway Company. At the present time we have an order for 6,000 tons of rails for that railroad.

Q. Newfoundland is not a part of the Dominion of Canada? Is it separate?

A. Separate.

Q. Do the Canadian tariffs apply there?

A. No, they have their own tariff, which is a very favorable tariff to this country, a low tariff.

Q. Which companies furnish the commodities that go to Newfoundland?

A. We sell general products there; the Carnegie Steel Company, the American Bridge Company, the National Tube Company, the American Steel & Wire Company and the American Sheet & Tin Plate Company.

Q. I see you have a number of agencies in New Zealand.

A. Yes, Wellington, Dunedin and Lyttleton.

Q. What do you sell in New Zealand?

A. Principally wire products. There is a preferential tariff in New Zealand in favor of Great Britain of $5 a ton, which effectually keeps us out of that market in everything except high grade products.

Q. By wire products what do you mean?

A. Principally woven wire fences, and some kinds of wire nails.

Q. Nothing else sold there at present?

A. No, there is a duty against us. We have a handicap of $5 a ton in competition with Great Britain in the New Zealand market.

Q. On rails?

A. On everything.

Q. You have already spoken of Nicaragua. I see you have two agents in Norway?

A. Yes.

Q. What do you sell in Norway?

A. High carbon steel wire for baling wood pulp, a special grade of wire that we manufacture for that purpose, having a high tensile strength.

Q. You have two agents there?

A. Yes.

Q. Do you sell anything else but that?

A. We sell some sheet iron there and occasionally some pipes.

Q. Do you ship direct?

A. We ship direct to Christiania.

Q. By the Norwegian Line?

A. There are several lines, and the Scandinavian-American line.

Q. I see you have three agencies in Nova Scotia. What do you sell in Nova Scotia?

A. We have an agent at Halifax and one at Yarmouth. We sell general products there; it is not a large business.

Q. Not a large business?

A. No, sir.

Q. The Philippine Islands?

A. We have agents at Manila.

Q. What do you sell in the Philippines?

A. Practically all products that are consumed in the markets there, iron and steel products.

Q. Do you sell iron products, or only steel?

A. Yes, we sell iron and steel, that is channels and beams and angles, bridges, wire products, sheet iron, tin plate, pipe—a large line of products.

Q. Where do you get your iron? I thought you sold only steel products. You said iron and steel products.

A. Well, steel products—we call them that.

Q. I mean your product is steel.

A. Yes.

Q. Is that a large business in the Philippines?

A. Quite large, yes.

Q. How does that move?

A. Our largest customer is an agent of the Insular Department there, a governmental department there.

Q. How does that traffic move?

A. New York via Suez.

Q. What kind of vessels?

A. Cargo boats.

Q. Do you mean by that boats that have regular trips there, line boats?

A. Yes, the boats work out there with a general cargo and come back with hemp and sugar from Java, and they get back here and keep working around all the time.

Q. In the Republic of Panama, what do you sell there?

A. General products, bridges and rails, steel products generally.

Q. All classes?

A. All classes.

Q. How does that traffic move, in Panama Railway boats?

A. Panama Railway and other lines, the Hamburg-American and the United Fruit Company and other lines.

Q. It is furnished by various subsidiaries, is it?

A. Yes sir.

Q. Which ones?

A. The American Bridge Company, the Carnegie Steel Company, the National Tube Company, the American Sheet & Tin Plate Company, the American Steel & Wire Company, and the Lorain Steel Company.

Q. Do you erect your own work down there that is done by the Bridge Company?

A. Yes.

Q. You send your men down, do you?

A. Yes.

Q. Paraguay, what do you sell in Paraguay?

A. We sell at Asuncion; we have an office there. Galvanized iron, wire, pipe and railway materials.

Q. Any wire products?

A. Wire products.

Q. Which of the subsidiaries of the Corporation are represented in that business?

A. The Carnegie Steel Company, the American Bridge Company, the National Tube Company, the American Sheet & Tin Plate Company and the American Steel & Wire Company.

Q. Is that a substantial business?

A. A good business for Paraguay.

Q. Is it increasing?

A. Increasing all the time. The financial situation is not very strong there.

Q. Porto Rico?

A. We do a large business in Porto Rico.

Q. And you have agents there?

A. We have agents there.

Q. What classes of goods do you sell in Porto Rico?

A. Bridge material, railway material, sheet iron, tin plate, wire products, tubular products and street railway material.

Q. Which of the subsidiaries supply that material?

A. The Carnegie Steel Company, the American Bridge Company, the National Tube Company, the American Sheet & Tin Plate Company, the American Steel & Wire Company and the Lorain Steel Company.

Q. You say it is a large traffic; how large is it?

A. About two millions a year we do there.

Q. I observe that you have an agent in Lisbon, Portugal?

A. Yes.

Q. What do you sell there?

A. Pipe, usually, and we do business with the Madeiras and the Azores from Lisbon. That is, the products that are bought for those islands are bought in Lisbon or in Oporto, principally.

Q. Is that a substantial trade?

A. No, not a large trade, but one worth seeking.

Q. Is it a growing trade?

A. Growing, yes.

Q. Do you sell anything that is consumed in Portugal itself?

A. Yes, we sell considerable quantities of pipe, and some sheet iron and materials for the street railways. We have sold the Lisbon and Oporto tramways their materials for years, street railway rails and railway accessories.

Q. Which of the subsidiaries furnish the materials for that?

A. The National Tube Company, the Carnegie Steel Company, the American Steel & Wire Company and the American Sheet & Tin Plate Company.

Q. Roumania, do you sell goods in Roumania?

A. Yes, we have an office there at Bucharest.

Q. What do you sell there?

A. Principally pipe for the oil well developments. There have been very important discoveries of oil in Roumania. The industry is controlled by the government, and at the present time we are furnishing the Roumanian government with 30,000 tons of pipe for that development. We are sending that over in full cargo steamers.

Q. Where do they discharge their cargo?

A. At Constantza.

Q. On the Black Sea?

A. On the Black Sea.

Q. What other materials do you ship to Roumania aside from pipe?

A. Nothing, comparatively speaking.

Q. In addition to the agents you spoke of this morning in South Africa, I see there are a large number here, a dozen or fifteen others. Do you do business through your general agents there, or how do you do business?

A. The ones in Natal, Port Elizabeth and East London work through London, and the one at Durban works through Johannesburg.

Q. As to the South Pacific Islands, you have an agency in Sydney?

A. Yes.

Q. What classes of goods do they handle for you?

A. Corrugated iron and pipe principally, some wire products, small shipments of steel bars, and occasionally a little bridge material. That business is largely done by sailing vessels from Sydney that trade around through the South Pacific Islands.

Q. Do you supply that through your warehouse in Australia?

A. Largely through our Sydney warehouse.

Q. That is a fairly good business?

A. It is a diversified and growing business. Some of those islands are fairly large.

Q. And it is furnished by which of the subsidiaries?

A. The Carnegie Steel Company, the American Bridge Company, the National Tube Company, the American Sheet & Tin Plate Company and the American Steel & Wire Company.

Q. Sweden; you have an agency in Stockholm?

A. We have an agency in Stockholm.

Q. What do you sell in Sweden?

A. Largely galvanized sheets, pipe, and some wire products.

Q. Anything else that you think of?

A. No, except tubes.

Q. Which of the subsidiaries furnish those products?

A. The American Sheet & Tin Plate Company, the American Steel & Wire Company and the National Tube Company.

Q. What do you sell in Scotland?

A. Woven wire fences.

Q. That is sold through the Liverpool office, I see.

A. Yes.

Q. Is that manufactured in England?

A. Not to any great extent. The poultry netting is manufactured there, but they have not gone into the weaving of these larger fabrics for fencing purposes.

Q. Are you able to sell in the English and Scotch markets the classes of commodities that are made in their local mills?

A. No, we probably get $90 a ton for the material that we sell over there.

Q. Tasmania; you have three agents there?

A. Hobart and Launceston.

Q. What do you sell in Tasmania?

A. Just now we are furnishing material for a street railway from Hobart to Launceston. We sell considerable quantities of galvanized iron, some wire rope for the tin mines there, and considerable quantities of tin plate for the pineapple canning industry.

Q. Is that a good, substantial business over there in Tasmania?

A. It is a good business for Tasmania. I do not want to be facetious about these things at all.

Q. But it is a good, substantial business?

A. A good business.

Q. That is not as big a country as Russia; I understand that. How does the traffic move from here?

A. Principally to Australia and trans-shipped, but occasionally, when we can collect 800 or 1,000 tons of cargo, the vessels will go into Hobart.

Q. Which subsidiaries furnish the traffic that goes there?

A. The Lorain Steel Company, the Carnegie Steel Company, the National Tube Company, the American Steel & Wire Company, and the American Sheet & Tin Plate Company.

Q. You said the only traffic in Scotland was woven wire. Haven't you sold girder rails in Scotland?

A. Yes, we sell rails. The Glasgow street railways have always bought their rails from us. There has been a great deal of opposition to it, and in fact there is a great deal of opposition every time we get a contract in England. We recently secured a contract from a Manchester corporation, which is a body that has control of the municipal undertakings, and we were the lowest bidders on the order for rails and other materials, and it was the subject of discussion in the Manchester County Council, and the contract was finally cancelled and given to local makers, because of the agitation there on the part of the labor unions.

Q. You spoke this morning of sending goods through Beirut into Asia. I observe on this exhibit an agent at Messina, Sicily.

A. That is not Sicily; that is Mersina in Syria.

MR. SEVERANCE: Then that ought to be corrected.. Will you allow me to correct that?

MR. DICKINSON: Yes.

THE WITNESS: That should be Mersina, Syria.

By MR. SEVERANCE:

Q. Do the classes of goods that you mentioned this morning or this afternoon, as handled through Beirut, cover all the goods you sell in that region?

A. Yes.

Q. Turkey in Europe; you have an agent in Constantinople?

A. Yes.

Q. What do you sell there?

A. We have a large office in Constantinople. We sell wire products there, and pipe, and railway materials and some bridge material.

Q. What subsidiaries contribute to that business?

A. The American Bridge Company, the National Tube Company, the American Steel & Wire Company, and also the American Sheet & Tin Plate Company.

Q. How does that traffic move, direct from New York?

A. Direct by this line that I spoke of.

Q. The Levant Line?

A. The American Levant Line.

Q. In Uruguay, you have two agencies there?

A. Montevideo.

Q. What do you sell in Uruguay?

A. Railway materials, galvanized iron, large quantities of wire products and some pipe and sheet steel.

Q. How do you move that traffic down to Uruguay?

A. Direct from New York.

Q. In liners or chartered ships?

A. Some in chartered vessels, some in regular liners. 158 vessels left here for the River Plate last year, so there was plenty of opportunity.

Q. You have five agencies in Venezuela, I see. What do you sell in Venezuela?

A. Those agents are located at different places. Some sell corrugated iron, some barbed wire, some bar steel and some pipe.

Q. Which of the subsidiaries furnish that?

A. The Carnegie Steel Company, the American Steel & Wire Company, the American Sheet & Tin Plate Company and the National Tube Company.

Q. Now we have gone through this long list, and I observe that with the exception of one shipment of rails to Western Canada you have not spoken of any export business done by the Illinois Steel Company. Has the Illinois Steel Company ever been able to do an export business?

A. It has not.

Q. Was it previous to the time it was taken over by the United States Steel Corporation?

A. No.

Q. Why not?

A. Because of its geographical position.

Q. Explain a little further.

A. In order to send a shipment of rails from the Illinois Steel Company to Australia, for example, it would be necessary to bring them down the Great Lakes, down the St. Lawrence, and when it got to Montreal we would have to have steamers to take them away, and as a matter of fact up to 1904 there were no lines of steamers operating to these various markets, other than the passenger liners operating from Montreal to Europe, and passenger ships as a rule do not carry steel products.

Q. Why could they not have been operated through New York, by rail to New York and thence by boat?

A. Because of the difference in freight rate. The freight rate at that time was $5.40 a ton, compared with a freight rate from Pittsburgh of $2.60; and in 1903—oh, you are talking about prior?

Q. I am talking about previous to the organization of the Steel Corporation?

A. It was a question of freight rates.

Q. Had the Illinois Steel Company ever done any export business or attempted to do any?

A. They may have attempted to do some business, but they have never done any to my knowledge. As a matter of fact at the present time our export business from the Illinois Steel Company is less than two per cent. of its total output, and that business goes to north of Chicago, into Winnepeg and places of that kind; it does not reach out into the markets of the world.

Q. What would you say, from your knowledge of the foreign business as it existed in 1901, as to whether the Illinois Steel Company could succesfully have entered into that branch of the trade, having the facilities they had at that time, namely, mills at Chicago?

A. It would have been necessary for them to conduct the business at a great sacrifice, and it would have been an uneconomic thing for them to have attempted.

Q. Would it have been a profitable business?

A. No.

Q. Could the Federal Steel Company have gone into that business with the mill it had at Lorain and the mill at Johnstown, other than the Johnstown products?

A. No, other than Johnstown. The Johnstown mill was a manufacturer of points, frogs, crossings and switches for street railways, special track work.

Q. Was there a sufficient output and sufficient demand for the output in foreign countries for the Johnstown mill to justify it in maintaining agencies and going into that business?

A. It maintained an office in London jointly with two or three other companies.

Q. And the business was not large, or was it large?

A. The business was constantly growing. The Johnstown department has always done more or less foreign business because of the character of its material.

Q. Could the Johnstown company have done business on as economical a basis as it could when it was yoked up with the companies doing other lines?

A. No, owing to lack of selling facilities and lack of offices all over the world, and lack of opportunity to ship combined cargoes.

Q. Was the product of the Federal Steel Company at the Johnstown plant in competition with any other of the subsidiaries of the United States Steel Corporation when they were taken over?

A. Not in competition with any of them.

Q. It manufactured a product which was not manufactured by any other subsidiary, did it not?

A. That is right.

Q. In addition to establishing these agencies in foreign countries, these foreign selling agencies, what methods were adopted by the Steel Products Company for the purpose of pushing its business in foreign countries?

A. At the time of the formation of the company some subsidiaries had various offices. In London, for example there were seven different companies with seven different offices. Those offices were all combined in one office, and departments of the business established. We were handicapped to a con-

siderable extent for lack of proper cable codes, catalogues, and, prior to the formation of the Corporation, insufficient facilities to manufacture the diversified lines of goods required in those markets.

Q. What did you do about publishing a catalogue of your goods?

A. A catalogue was compiled shortly after the formation of the Steel Products Company and printed in various languages, and sent to our various offices.

Q. Has that been reprinted from time to time?

A. Yes.

Q. How often?

A. Well, it is necessary to make corrections of tables and data, and it requires a new catalogue about once a year.

Q. Now, do the other companies of the world buy and sell their products by the same weights and measures that we use?

A. No, we do business in every market in the world in accordance with the customs existing in the market. We always sell in the weights and measures and in the moneys current in the market that we are doing business in.

Q. There are many countries using the metric system, are there not?

A. Yes, many countries using the metric system.

Q. And you do business under the metric system in those countries?

A. Yes.

MR. SEVERANCE: I ask to have this catalogue identified.

(The catalogue was marked "Defendant's Exhibit (Farrell) No. 40, for identification.")

Q. I show you defendant's exhibit 40. Is that a catalogue of the United States Steel Products Export Company?

A. Yes, the United States Steel Products Company.

Q. I see it is entitled "United States Steel Products Export Company."

A. The name was changed.

Q. That is for 1909?

A. Yes.

Q. Is this a fair sample of the character of catalogues you issue annually, as you have stated?

A. Except that most of them are bound in leather; that happens to be bound in paper.

Q. I am speaking of the contents.

A. The contents, yes.

MR. SEVERANCE: I offer that in evidence.

MR. DICKINSON: That is excepted to as irrelevant and incompetent.

(The catalogue referred to was offered in evidence and marked "Defendant's Exhibit (Farrell) No. 40, May 12, 1913," and will be found in the volume of exhibits.)

MR. LINDABURY: I think it had better be stipulated that that need not be printed.

MR. DICKINSON: Very well; just enter that stipulation on the record. Do you want to dictate the form of it?

MR. LINDABURY: I think if he put down what we said it would be enough.

MR. DICKINSON: All right.

By MR. SEVERANCE:

Q. You say these are printed in different languages? What languages do you print them in?

A. Spanish, French, and Portugese for Brazil.

Q. How widely are they circulated?

A. They are sent by our various offices to the merchants and customers throughout the countries in which those offices are located.

Q. Did the United States Steel Corporation, at the time this catalogue was printed, manufacture all the different articles that are therein mentioned?

A. We do a re-sale business.

Q. You do some re-sale business; that is what I want to get at.

A. I am not certain that there may not be some articles, but substantially it did.

Q. Substantially it did make all these articles?

A. Yes.

Q. You say you do some re-sale business; what do you mean by that?

A. Frequently we purchase various kinds of merchandise

that are more or less collateral with the lines we are selling, to go with our products. For instance, we sold a lot of Sheet Steel Piling a short time ago for some dock work in Sumatra, and our office requested us to purchase a pile driver and ship it along with it, so we bought the pile driver and sent it along with the steel piling in order to accomplish the work.

Q. That is a mere incident, however?

A. That is a part of the daily things they are doing all the time.

MR. LINDABURY: You do not catalogue the pile driver?

THE WITNESS: No, we do not.

By MR. SEVERANCE:

Q. And you think there may be a few things catalogued here, a few things that you do not make?

A. Yes.

Q. Suppose you look and see.

A. I think there are, but I am not sure that there are.

MR. LINDABURY: Look at the index in the back.

THE WITNESS: Yes, that will help me. (Examines index.) There are some few things.

By MR. SEVERANCE:

Q. But in general you would say that these are your own manufacture?

A. Practically everything in the catalogue. I notice two or three small items such as brass gate valves, and I am not certain whether we make those.

Q. In doing this business in foreign countries have you been handicapped in any way by the fact that foreign bankers have financed the business of these smaller countries?

A. Yes; that is a condition that we are contending with all the time. A great many of these projects in foreign countries are financed by European bankers, and stipulations are made that the materials shall be bought in the country where the financing is being accomplished.

Q. And you have had to fight against that all the time?

A. Yes, that has been a tremendous factor and is a tremendous factor in the business.

Q. What have you done in the way of investigation of the needs of various countries and their ways of doing business, in order to enable you to push this business?

A. We have made, and are making, exhaustive studies of the conditions in all of these markets all the time.

Q. Getting reports?

A. Reports, and sending people to those markets and studying the conditions in the markets, and endeavoring as far as possible to do the business in conformity with the usages of the market.

Q. How about your correspondence from your New York office, in what language do you conduct that correspondence with your customers?

A. That is conducted in the language of the country that we are doing the business with, irrespective of what it is, whether it is Italian, French or Portugese or Hindustani, Chinese or Japanese, or any language.

Q. That is, you keep a force of men in your office here in New York who are able to conduct correspondence in all these foreign languages?

A. Yes.

Q. Now in building up this business as you have, has the Steel Products Company been free and independent in its business, or have you operated under pools and agreements with foreign manufacturers and competitors?

A. We have not operated under any pools or agreements with foreign manufacturers or competitors.

Q. Either as to prices or location?

A. Neither as to prices nor location.

Q. What is the fact as to whether or not you have had any pools or agreements with domestic manufacturers as to foreign trade?

A. We haven't had any.

Q. But the business has been conducted independently, has it?

A. Independently.

Q. Has there been any contract or agreement or pool arrangement between you and foreign manufacturers by which you have agreed to stay out of any market if they would stay out of this market?

A. No.

Q. Have you at times purchased goods for export from competitive companies in this country?

A. Yes.

Q. Under what conditions?

A. We purchase a great many rails from our competitors. Occasionally our people in some country will take an order for a specification which it may not be possible for us to fill. At times we have bought rails which called for Cuban ores to be used as the basis of manufacture, and we bought those from the Maryland Steel Company. There are times when we have been unable to make deliveries promptly because of mill conditions, and we bought materials from other rail makers here.

Q. In those cases where you have bought the manufactured goods of other rail makers, have you re-sold them at a profit?

A. Always at a profit.

Q. What have you done in the way of freely furnishing information about steamship routes and conditions of foreign markets and that sort of thing to American manufacturers of all kinds, whether competitors or otherwise?

MR. DICKINSON: That is excepted to as irrelevant and incompetent.

MR. SEVERANCE: Go ahead.

THE WITNESS: Our office is an encyclopedia for the manufacturers of the United States, particularly in iron and steel and those collateral lines. We have never hesitated to give information with regard to conditions in countries, and the credits of people whom we may have been doing business with and especially facilities and information generally with regard to tariffs in countries, and railway facilities, for internal distribution, and information generally.

We have even distributed catalogues for customers and we have loaned our salesmen in different countries for short periods to some manufacturer who may be interested in developing some trade of some kind in his line of goods.

Q. What, if anything, has the Corporation done in the way of furnishing raw or semi-finished materials to American

manufacturers of finished goods, below the current market prices, so as to enable them to get into the foreign markets?

MR. DICKINSON: That is excepted to as irrelevant and incompetent.

THE WITNESS: We have done that pretty generally to manufacturers. I had prepared under my direction a list, I think, of about 158 manufacturers to whom we had made special allowances in order to enable them to develop a foreign business.

By MR. SEVERANCE:

Q. How much is the annual value of the raw or semi-finished materials that you sell to American manufacturers at reduced prices for that purpose, in round figures?

A. That is, the value of the material?

Q. The value of what you sell them?

A. Approximately $30,000,000.

Q. And those goods are made up by American manufacturers and sent abroad for sale?

A. Yes; it comprises everything from steam boilers to windmills.

Q. You spoke this morning about owning certain ships and chartering others. I wish you would state how you happened to buy those ships.

A. We bought those ships for the purpose of carrying out contracts which we had entered into in various countries for materials, principally railway materials, and also to enable us to distribute economically stocks to our warehouses located in different parts of the world. There are a great many ports in the world to which steamers do not ply from this country, making it necessary for us to have our own vessels.

Q. Name some of them.

A. The port of Bahia de Caraquiz, Ecuador, the port of Buenaventura, Colombia; Guaymas and Mazatlan, British Columbia ports. We are now sending, or have to send, a considerable quantity of material to Prince Rupert, British Columbia, the terminus of the Grand Trunk Pacific Railway. There are no steamers from this country going to Prince Rupert, consequently it is necessary for us to have vessels.

Q. You spoke of chartering, I think you said, about forty-five vessels.

A. We have from thirty to forty vessels under time charter all the time. Those vessels go to various parts of the world with various cargoes. We have some carrying 30,000 tons of pipe to Roumania. We have an order from the West Australian government for 18,000 tons of rails which we are chartering vessels for, and our business generally requires us to have a number of chartered vessels in commission all the time.

Q. Do you sell, and has it been your practice to sell, all your goods in foreign countries at a lower price than you get in this country?

A. No; as a matter of fact, we obtain higher prices on some commodities in some markets. I had a list prepared.

MR. SEVERANCE: I ask to have this paper marked.

(The paper referred to was thereupon marked for identification "Defendant's Exhibit (Farrell) No. 41.")

By MR. SEVERANCE:

Q. I show you Defendant's Exhibit 41; is that the partial list that you had prepared?

A. Yes.

MR. SEVERANCE: I do not know whether you make any objection to that heading or notation.

MR. DICKINSON: This is excepted to as irrelevant and incompetent, and not the best evidence. The original sources from the original records would be the best evidence.

MR. SEVERANCE: I will go a little further in laying a foundation. I have not offered it yet, but since you make that objection, I will go a little further.

By MR. SEVERANCE:

Q. In what office was this prepared?

A. In the office of the United States Steel Prducts Company.

Q. By your direction?

A. Yes, by my direction, and from the original records.

Q. And have you examined it?

A. I have.

Q. Will you state whether it in general comports with your recollection?

A. It does; I have examined it very carefully.

Q. And are you satisfied that this list is substantially correct in so far as it goes?

A. Yes.

Q. There is a statement at the top of this exhibit that this is a partial list of principal products yielding higher prices f. o. b. mills for export than for domestic shipments, and that the list is not complete, as there are numerous other periods in which some products were sold higher for export than domestic, and so forth. What does that mean?

A. That means that we could go on in extenso and prepare a list that would probably cover a hundred pages of similar transactions where we obtained higher prices in foreign markets than we were obtaining in domestic markets.

Q. This list you say was prepared from the original records?

A. Yes.

Q. Of the sales, and the prices received?

A. Yes.

Q. They were compared with the ruling domestic prices, were they?

A. Yes, capable of being supported from the original records.

MR. SEVERANCE: I will offer Defendants' Exhibit No. 41 in evidence, and later, if it seems advisable, will put on the stand the gentleman who made it.

MR. DICKINSON: That is objected to on the ground that it is irrelevant and incompetent, and the witness has not shown that he himself prepared it, or that he himself compared it with the original records, and it is objected to as not the best evidence, the original records themselves being the best evidence.

(The paper referred to was thereupon marked "Defendants' Exhibit (Farrell) No. 41, May 12, 1913," and will be found in the volume of exhibits.)

Q. Mr. Farrell, you have already testified that you personally examined this carefully?

A. Yes sir.

Q. And you have stated that it was substantially correct?

A. Yes; I am familiar with it.

Q. Are you able to state, after inspecting this list and the prices, from your independent knowledge of the business and of the way it has been done and the prices received and the domestic prices, that this is substantially correct in all particulars?

A. Yes sir.

Q. On this list of goods I see a certain list of "oil country goods." What are oil country goods? Is that a well known trade name?

A. That is a well known and established trade name for pipe used in oil wells—casing and oil well piping.

Q. I see also "galv. pipe." What does that mean? Galvanized pipe?

A. Yes.

Q. What is that used for chiefly?

A. Galvanized pipe is used principally for the conveyance of water.

Q. What does "O. D. & Miscellaneous" mean in this list?

A. "O. D." means outside diameter.

Q. Will you explain what outside diameter means?

A. Some pipe is sold as outside diameter, and some pipe is sold as "I. D." pipe, or inside diameter pipe. It is just a trade name?

Q. Where are toe calks made?

A. They are made by the Shoenberger department of the American Steel & Wire Company.

Q. That is at Pittsburgh?

A. That is at Pittsburgh.

Q. What are boat spikes?

A. Boat spikes are spikes that are used in fastening boats together, fastening planks on barges.

Q. What are pole steps?

A. Pole steps are used on telegraph poles to enable the lineman to climb the pole. They are driven in.

Q. What is tinned mattress and broom wire?

A. Tinned mattress wire is wire that is used for weaving the fabric for a bed. Broom wire is a wire that is used for winding the broom corn on a broom handle.

Q. What is "wire, tinned, coarse"?

A. That term is used to distinguish between the coarser and the finer tinned wires. The coarser wires being used for various purposes such as bottle stops, the manufacture of bird cages and all sorts of things, and the finer wire being used for weaving and binding purposes.

Q. What is "American fence"?

A. It is a trade name.

Q. Is it a wire fence?

A. It is a woven wire fence. We have various names,—Anthony, the American, and so on.

Q. And "Fence, Ellwood" is a woven wire fence also?

A. That is a woven wire fence, generally of smaller wire than the American.

Q. What is "National fence"?

A. National fence is a woven wire fence made of nine wire and eleven wire.

Q. What is the "Royal fence"?

A. The Royal fence is a woven wire fence made with smaller sizes of wire and used for chicken yards, poultry netting, and so forth.

Q. What is "Union lock fence"?

A. That is woven wire fence with a hinge lock in the joint.

Q. Here is an item called "Hex. net." What is that?

A. Hexagon netting.

Q. What is "Concrete rein"?

A. That is concrete reinforcement. It is a wire fabric used in cement in making a concrete reinforcement. It is also used now for making water pipe, and used for a large variety of purposes. Four years ago we made two hundred and some odd tons; last year we made 12,000 tons of that material.

Q. What are "Gates"?

A. They are the wire gates used for a fence. They are made of wire and pipe.

Q. It is a wire gate, is it?

A. Yes, sir; it is a wire gate with steel pipe used as an outside frame.

Q. The posts referred to on this list are steel posts?

A. Yes; the steel post is a new development. It is a fence post which takes the place of wooden posts. That has developed into a very large business—about 18,000 tons last year.

Q. What are bale ties? Are they for cotton?

A. No; they are for baling hay, wire bale ties.

Q. There seem to be two or three kinds. One is designated as "Sin loop." Does that mean single loop?

A. Single loop is a bale tie with just a single loop. Then we have a crosshead tie, which is an adjustable tie with an arrow or something to hold it.

Q. Are wire hoops used for barrels?

A. For barrels and kegs. That is a new industry. We are making large tonnages of electrically welded hoops now for barrels.

Q. What is wire shafting?

A. Overhead shafting that carries pulleys and belts for machinery.

Q. What are "hot wound springs" and how are they made?

A. A hot wound spring is usually a car spring. The straight bar is heated in the furnace and then it is wound hot around a mandrel and thrown into oil and tempered.

Q. There is another kind on this list, designated as "furn." What does that mean?

A. That is a furniture spring.

Q. What are "jig springs?"

A. A jig spring is used on a loom, and sometimes on a heddle, in the textile industry.

Q. What do you call flat specialty wire?

A. Flat specialty wire is flat wire that is cold rolled from strips—hot rolled strips cold rolled, used for making clock springs and for various purposes—stampings and for making suspender buckles, and all sorts of things; for thousands of different purposes.

Q. And what are flat wire springs?

A. A flat wire spring is a flat wire coiled into a spring.

Q. What is this item under the head of "tramway?"

A. That is probably a caption. What follows that?

Q. "Sulphate of iron."

A. Sulphate of iron is a by-product——

Q. Does that item "tramway" mean tramway materials, or does it refer to the last item on the list? (Handing to the witness Defendants' Exhibit No. 41.)

A. That refers to tramway springs.

Q. Mr. Farrell, what advantage is possessed by a corporation doing a continuous foreign trade as distinguished from one that uses foreign business for dumping purposes or does business in a sporadic way in foreign countries?

A. It is impossible to develop a foreign business unless it is done continuously. Buyers will not patronize people who are not in a position to give them a continuous source of supply. We had, in the early stages of the Corporation, to live down the dumping business, which was quite prevalent with some of the companies prior to the formation of the Steel Corporation.

Q. You have already testified that in order to do business successfully in foreign trade you have to have a diversity of products?

A. Yes.

Q. You add to that that you must do business continuously?

A. Yes; and that you must furnish the requirements of the markets, and not attempt to foist on the buyers something you would like to sell and not what they desire to buy.

Q. Just be a little more specific about that, with reference to the export business in foreign countries.

A. In the early history of the export business in iron and steel products in this country it was the practice of manufacturers to attempt to sell some one in Brazil or in Japan, or in some other country, something that was suitable for the business in Pennsylvania or Ohio, without any regard to the character of the material or the character of the products required in those countries with respect to measures, weights, gauges and qualities.

Q. What did you do in that regard in the development of your business?

A. After having made a study of the markets of the world, we manufactured the materials in accordance with the re-

quirements of the markets, not only as to gauges and qualities, weights and measures, but as required by them.

Q. Did that require changes in your mills to some extent?

A. It required enormous expenditures.

Q. And could that sort of thing have been done by a concern making one or two lines of goods?

A. It would have been absolutely impossible.

Q. Will you explain what you mean by "dumping," Mr. Farrell? You said you had to live down the reputation for dumping.

A. Prior to the formation of the United States Steel Corporation some manufacturers in this country at times, during depressions here, would ship large quantities of materials to markets, principally to producing markets, such as Great Britain. The result was that prices were broken down and in many instances the material was never delivered, because the customers, after the prices had been disturbed, could buy material in their own country, and in some instances the customer has paid compensations to sellers to cancel the contract.

Q. What you mean by "dumping," then, is that sort of practice?

A. Yes. It is an uneconomic practice, and one that does not develop a continuous business. It is a sporadic business, and was indulged in owing to the exigency of manufacture at the time.

Q. Has there been any intermission in the efforts of the Corporation to develop its export business? That is, in times when there was a great demand at home, have you ceased to do an export business, or have you prosecuted it continuously?

A. The business has been prosecuted continuously. It has been built up from 290,000 tons in 1903, I think, to 2,246,000 tons in 1912.

Q. Eight or nine hundred per cent increase?

A. 900 per cent increase since the formation of the United States Steel Corporation.

Q. That original figure of two or three hundred thousand tons was the combined export business of all the subsidiaries?

A. Of the various subsidiaries that came into the Corporation.

Q. The organization of the Steel Products Company, after the first two years, aided very largely, of course, in bringing about this great increase?

A. Yes. We immediately established offices all over the world, and prevailed upon the Corporation management to make large expenditures to diversify product and to concentrate product in certain mills. For example, at the present time, we have five mills in the American Steel & Wire Company operating entirely on foreign business, producing 360,000 tons a year for the foreign market. Most of those mills do not manufacture a pound of material for the domestic market.

Q. Where are they located?

A. One mill is at Allentown, Pennsylvania; one at Donora, Pennsylvania—the Union; and one at Braddock, the old Pittsburgh Wire Company's plant; the H. P. Works at Cleveland, and the American Works at Cleveland.

Q. None of those mills are in the West; all are in the East?

A. All are in the East.

Q. That Allentown mill has been operated on foreign business for how long?

A. It has been operated on foreign business since the formation of the American Steel & Wire Company in 1899.

Q. It is the best located of all for that, is it not?

A. For certain classes of products; but after the Corporation acquired the American Steel & Wire Company they expended $800,000 on the Allentown mill in order to diversify its products, and increase its opportunity to do a wider range of foreign business than it was doing at the time.

Q. How much of an increase in the tonnage of the Allentown plant took place as the result of those improvements?

A. About thirty per cent in its output.

Q. You spoke of the Donora plant. Where did you get that plant?

A. That plant was bought by the United States Steel Corporation from the Union Steel Company.

Q. That was the Union-Sharon purchase?

A. Yes; the Sharon was bought by the Union. Then the corporation bought the Union, which controlled the Sharon.

Q. Yes. How has the foreign business of the Donora plant increased or decreased since it was bought?

A. The Donora plant is operated almost entirely on foreign business. It increased from the first year that it was taken over in 1904, I think——

Q. Was it in 1903 or 1904?

A. 1903 or 1904. It increased from about 8,000 tons to 83,000 tons.

Q. Of foreign business?

A. Foreign business. 83,000 tons last year.

Q. Have you made a memorandum, or can you remember without refreshing your recollection, Mr. Farrell, as to what percentage of the business of each of the subsidiaries is now foreign?

A. Yes.

Q. Can you remember it?

A. Yes. The Carnegie Steel Company, 24 per cent. National Tube Company 12 per cent.

Mr. Dickinson: I object to the question because it calls for a condition as of the present time. I object on the ground that it is irrelevant and incompetent.

By Mr. Severance:

Q. Go ahead.

A. In 1910, I am speaking of.

Q. You may give other dates too, but I have asked about the present situation.

A. The National Tube Company, 12 per cent.

Q. Do you remember the percentage at the time of the organization of the Corporation as to foreign business, or have you not looked that up?

A. At the time of the organization of the corporation?

Q. Yes; the percentage of the business that these subsidiaries did.

A. The total business the first year was 292,000——

Q. But you do not remember what percentage that was to the total tonnage?

A. No; I could not answer that.

Q. We will get that later, then.

A. I can get it.

Q. Can you give these percentages as of 1910 as well as 1912?

A. Yes.

Q. Suppose you give them both in each case, right together.

A. The Carnegie Steel Company, 21 per cent in 1910.

Q. What is it in 1912?

A. Twenty-four per cent. The National Tube Company, 10 per cent.

Q. When?

A. In 1910.

Q. How much now?

A. 12.

Q. That is, for 1912, it was 12 per cent?

A. Yes. The American Sheet & Tin Plate Company 11 per cent.

Q. In what year?

A. In 1910; and 20-8/10 per cent in 1912. The American Steel & Wire Company 17 per cent in 1910; 20 per cent in 1912. The Lorain Steel Company, 30 per cent in both periods. There has not been any particular change in the value and tonnage exported from that plant. The American Bridge Company 6 per cent in 1910 and 8-½ per cent in 1912. The Illinois Steel Company 1.2 per cent in 1910; 2.4 per cent in 1912.

Q. How about the Tennessee Coal & Iron Company?

A. The Tennessee Coal & Iron Company in 1910 I think exported about one per cent of their output. In 1912 it was about 3 per cent.

Q. How has the effort of the corporation been to push foreign trade as compared with the effort made on domestic trade?

A. Our efforts have been continuous and indefatigable, while the efforts of our competitors have been sporadic and indifferent. They are only concerned with the foreign market in times of extreme depression in other markets.

Q. That is, you have pushed your foreign trade first?

MR. DICKINSON: One moment.

MR. LINDABURY: He did not answer the question.

MR. DICKINSON: No.

MR. LINDABURY: He misapprehended.

MR. DICKINSON: He answered something else, that the question did not call for.

MR. SEVERANCE: That is true.

By MR. SEVERANCE:

Q. I will ask whether the first and strongest effort has been made to push the foreign business?

A. It has.

MR. DICKINSON: I object to so much of the answer as refers to his competitors.

MR. SEVERANCE: That may be stricken out.

MR. LINDABURY: No. Let it stay in.

MR. DICKINSON: That is objected to as not being called for, and being volunteered by the witness.

THE WITNESS: I misunderstood the question.

MR. DICKINSON: I know you did, and now that it is there, I object to it.

By MR. SEVERANCE:

Q. What percentage of the foreign business in your classes of goods has been done by the corporation? I am speaking as between you and the other manufacturers of similar goods?

A. Ninety per cent.

Q. Have you been familiar with the efforts made by other manufacturers to push that branch as compared with your own?

A. To a large extent, through our different offices throughout the world. They have advised us from time to time of the efforts being made to compete with us.

Q. I will ask you the question counsel thought was not responsive before—whether their efforts have been the same, as to being continuous and active, to push foreign business, or whether they have been sporadic and unusual.

A. They have only concerned themselves with foreign business when their domestic trade was insufficient to keep their capacity employed.

Q. Of the employes of the United States Steel Corporation how many men are employed to manufacture the goods which you export?

A. At the present time upwards of 40,000 men. I have prepared a list from our records of the number of men employed.

MR. DICKINSON: That is objected to on the ground that it refers to the present day, after the issues were made, and as being incompetent and irrelevant.

By MR. SEVERANCE:

Q. About how many men were employed in the manufacture of goods for the export trade in 1910?

A. In 1910, 34,000 men.

Q. And in 1911?

A. About 37,000. At the present time about 40,000 men.

Q. Are those 40,000 men employed in manufacturing the goods that the corporation exports itself, or does that include the goods that are sold to other manufacturers for further finishing—that thirty million dollars worth of goods you have mentioned?

A. It only includes the men employed in the manufacture of material for direct export.

Q. In addition to that, then, there are employed on export material furnished to other manufacturers a certain number, whatever it may be. Do you know how many it takes to make that $30,000,000 worth of stuff?

A. I should say fifteen to eighteen thousand men. That is what we call re-export business, fabricated and exported.

Q. In building up this foreign market have you been in any way handicapped or embarrassed in getting business by the inclination or lack of inclination of consumers to buy goods from mills located in their own countries?

A. There is a most pronounced objection to buying anything from this country that can be produced in the country in which we are endeavoring to do business.

Q. Take for instance France?

A. The duties in France are absolutely prohibitive.

Q. The customs duties?

A. Yes. It is impossible for us to enter those markets.

Q. How is it about Germany?

A. Germany is practically the same.

Q. How is it in Austria?

A. In Austria the duties are very high—next to Russia, the highest in Europe.

Q. How are the duties in Russia?

A. Very high. The duty on rails is $28.44 a ton.

Q. You are not shipping many rails to Russia, then?

A. No. There are eight very large modern rail mills in Russia.

Q. Then you can not get into France, Germany or Austria or Russia on account of the tariff; is that right?

A. Or Italy.

Q. How about Belgium?

A. We do some business there. The duties in Belgium are nominal. They are about five per cent.

Q. The duties are low, but the capacity of the mills there is great, is it not?

A. The capacity is enormous; and 90 per cent of the production of Belgium's mills is exported.

Q. It is a great manufacturing country?

A. It is a great manufacturing country, and has very large and very modern steel works, and very low costs, and cheap labor.

Q. Are you able to do business in Belgium except in lines that are not covered by their home manufactures?

A. No.

Q. In England you have no tariff duties to encounter, have you?

A. No.

Q. Do you have difficulty in selling in the English markets? You have already detailed one case where they cancelled a contract. Is that a usual thing, to have that difficulty, or an unusual thing?

A. Generally speaking, it is a usual thing. We sell some materials in England for special purposes, to manufacturers who further advance the manufacture of the material; occasionally semi-finished materials.

Q. But you meet that difficulty?

A. As a general thing, it is a difficult market in which to do business.

(Whereupon an adjournment was taken until to-morrow, Tuesday, May 13, 1913, at 10:30 o'clock a. m.)

FIFTY-FOURTH DAY.

EMPIRE BUILDING, 71 BROADWAY,
NEW YORK CITY, TUESDAY, MAY 13, 1913.

Before SPECIAL EXAMINER JOHN ARTHUR BROWN.

Present on behalf of the United States, MR. DICKINSON and MR. COLTON.

Present on behalf of the defendants, MR. LINDABURY, MR. SEVERANCE, MR. BOLLING and MR. REED.

JAMES A. FARRELL,

the witness under examination at the taking of the adjournment, resumed the stand.

DIRECT EXAMINATION (Continued),

By MR. SEVERANCE:

Q. Mr. Farrell, have you had prepared in the office of the comptroller of the Corporation a statement of the average selling price per ton, domestic and export, of various commodities from 1904 to 1912?

A. Yes.

Q. Have you checked that list over yourself and examined it?

A. I have.

Q. Are you familiar with the items on it?

A. I am.

Q. And upon such examination, by reference to it, are you able to state whether it shows with substantial correctness the facts?

A. Yes.

Q. You know it does, do you?

A. I do.

Q. From your independent knowledge of the trade?

A. Yes, from my examination and investigation.

Q. That was drawn from the books of the Corporation under the direction of Mr. Filbert, the comptroller?

A. It was.

Q. I show you Defendants' Exhibit No. 42, and ask you if that is the statement to which you have just referred.

A. That is the statement.

MR. SEVERANCE: I offer this statement in evidence and may put Mr. Filbert on later. I think it is sufficiently proved.

(The statement referred to was thereupon marked "Defendants' Exhibit (Farrell) No. 42, May 13, 1913," and will be found in the volume of exhibits.)

By MR. SEVERANCE:

Q. Mr. Farrell, you testified yesterday that you had been year by year selling a higher grade of more finished commodities in the export trade and also in the domestic trade?

A. Yes.

Q. Have you had prepared a statement of shipments and gross sales in export and domestic business for the years 1904 to 1912?

A. I have.

Q. Were they prepared in the same office as the other statement to which you have just referred?

A. Yes.

Q. This is substantially correct?

A. Yes.

MR. DICKINSON: We enter an exception to both of these as being secondary, and not the best evidence.

By MR. SEVERANCE:

Q. Calling your attention to a statement which I intend to offer as Defendants' Exhibit No. 43, I will ask you if that is the statement to which you have just referred.

A. Yes, sir; this is the statement.

Q. Mr. Farrell, from your knowledge of the business of the Corporation, are you able to state that the figures there given are substantially correct figures?

A. They are accurate figures.

MR. SEVERANCE: I offer in evidence this statement as Defendants' Exhibit No. 43.

(The statement referred to was thereupon marked "Defendants' Exhibit (Farrell) No. 43, May 13, 1913," and will be found in the volume of exhibits.)

MR. DICKINSON: We object to that also upon the ground heretofore stated; also because it refers to a date subsequent to the making up of the issues of this case, 1912. The same is also true as to the years 1911 and 1912 in respect to Defendant's Exhibit No. 42, and the same exception is noted.

By MR. SEVERANCE:

Q. I notice on Exhibit 43 the selling value of export shipments for 1912 is given as $76,812,253. You testified yesterday that the exports of the Steel Products Company for 1912 was somewhere between $91,000,000 and $92,000,000. What makes the difference?

A. That was the invoice value; this is the f. o. b. value.

Q. You mean f. o. b. where—at the mills?

A. At the mills, after the freight and insurance and cost is taken out.

Q. In invoicing export stuff you include, as a rule, the insurance and freight?

A. Yes; freight and insurance are included.

Q. And the cost? It is called "c. i. f.."?

A. Yes; "cost, insurance and freight."

Q. And this is the net amount accruing to the mills after deducting the freight and insurance on the shipments?

A. Yes, sir.

MR. DICKINSON: You are referring to Exhibit No. 43, are you?

MR. SEVERANCE: Yes; I am referring to Exhibit No. 43; that is, 1912.

By MR. SEVERANCE:

Q. According to this statement, Exhibit No. 43, the gross tonnage of the Corporation increased between those years from 1,001,716 to 2,243,138 tons; that is, from 1904 to 1912; or 123.9 per cent?

A. Yes, sir.

Q. While the selling value increased 181.7 per cent?

A. Yes, sir; 181.7.

Q. Or an increase of the average per gross ton of 25.8 per cent.

A. Yes.

Q. What occasioned that increase in the average price per ton received by you on these export sales?

A. Because of the fact that we were constantly selling a higher priced product; that is, we were selling the various commodities in highly finished lines, and fewer of the products in semi-finished and coarser lines.

Q. How was it that you were able to increase the value or improve the kind of product you were selling in that way? Was it because you were becoming established, or why?

A. It was a natural development, due to the fact that we had established offices all over the world, and because of the fact that our mills were getting into a state of preparation to do this diversified business.

Q. In addition to selling the higher grade of goods, more finished articles, how do the prices upon these specific commodities compare per ton, in 1904 and 1912, as a rule?

MR. DICKINSON: I object to that as it calls for a date after the issues were made up.

THE WITNESS: They show an increase of about 25 per cent.

By MR. SEVERANCE:

Q. Then your increase was caused by that also, that you were able to get better prices on a specific product?

A. Yes, sir.

Q. Or many of the specific products?

A. Yes.

Q. That is all detailed, is it not, in Defendants' Exhibit 42?

A. It is.

Q. Year by year?

A. Yes; 1904 to 1912.

Q. Inclusive?

A. Yes.

Q. This Exhibit 43 shows an increase in the domestic business in tonnage for 1904 to 1912 of 87 per cent., or from 5,818,149 tons to 10,877,544 tons, and an increase in the selling value of 65.2 per cent., or a decrease in the average per gross ton on shipments to the domestic market of 11.6 per cent.

A. 11.6 per cent.

Q. What was the occasion of that?

A. Because of the fact that prices in the domestic department have constantly shown a decline. We are getting about $8 a ton less for materials in the domestic market than we were receiving in 1904.

MR. DICKINSON: The objection is repeated as to 1912.

By MR. SEVERANCE:

Q. You have stated that you are getting about $8 per ton less in the domestic market than you did in 1904, that is, you did in 1911?

A. Yes.

Q. Has the price in the domestic market fluctuated in that time more or less in different years?

A. More or less, but it has gradually shown a lower return.

MR. DICKINSON: Mr. Severance, we will just agree, without my reiterating these objections, that the objections will stand to all questions that may be asked.

MR. SEVERANCE: As to anything after 1911?

MR. DICKINSON: After the filing of the petition. I do not want to fill up the record with repetitions of the objection.

MR. SEVERANCE: Certainly.

MR. LINDABURY: You mean throughout the case?

MR. DICKINSON: Yes.

MR. LINDABURY: We understand that is your position?

MR. DICKINSON: Yes; and without repeating the objection it will be treated as a continued objection. It will save a good deal of time and interrupt you gentlemen less.

MR. SEVERANCE: That is perfectly satisfactory.

By MR. SEVERANCE:

Q. You said $8 a ton less. You mean from the time of the formation of the Corporation?

A. Yes, from 1904. It began from the time of the formation of the Corporation. That $8 a ton is a composite figure representing the various productions in various commodities, and the average is $8 a ton.

Q. Since the formation of the Corporation?

A. Since the formation of the Corporation.

Q. That is what I undestood you to mean, but I thought it might be understood that you meant from 1904. So that

there has not only been this 11.6 per cent. reduction since 1904, but an additional amount that would be required to make up the $8 per ton from the date of the formation of the Corporation?

A. Yes.

Q. Has that been pretty generally distributed, or confined to a few articles?

A. Pretty generally distributed.

Q. Has it applied to articles of general consumption by the people of this country, or to specialties?

A. To articles of general consumption.

Q. I think, so that we may understand it hereafter, in the testimony, I will ask you to explain what some of these items of manufacture are, and their uses. There has been some reference heretofore to girder rails. What are they and what are they used for?

A. Girder rails are used for street railways. A girder rail is a grooved rail principally used in cities, just the same as we have on Broadway.

Q. It differs from a railroad rail?

A. That is a high T-rail, a rail of different section or type.

Q. What are blooms, slabs and large billets? What is the distinction between the three?

A. A bloom is the first process of reduction from the ingot. The slab is another rolling process; the slab is generally used for rolling plates. The billet is another reduction. A billet is generally four inches square, and from four to six feet and sometimes eight to ten feet long, used for rolling down into wire rods, sheet bar, and for various purposes, such as hoops and so forth.

Q. Is a bloom larger than a billet?

A. Yes.

Q. How large are blooms?

A. A bloom is eight to ten inches square.

Q. But otherwise than its size it is a good deal like a billet?

A. No. It is generally flat, rectangular. A billet is generally square.

Q. What do you define as a heavy Bessemer rail?

A. A heavy Bessemer rail would be a rail weighing about 110 pounds to the yard, from 90 to 110 pounds.

Q. That is a railroad rail?

A. Yes.

Q. Of steel made by the Bessemer process?

A. Made by the Bessemer process.

Q. Explain the Bessemer process.

A. The Bessemer process is the process of converting steel in a converter or vessel, and blowing the impurities from the steel.

Q. Is a good deal of the capacity of the Steel Corporation of the Bessemer type?

A. It was in the beginning, but we have been gradually obliged to discard Bessemer equipment. At the present time we have about one million and a half tons capacity which is obsolete because of the change from Bessemer to open hearth steel. These evolutions are constanly going on in the steel industry. We will probably develop an evolution from open hearth to electric steel in a few years. In fact we are making some electric steel at the present time.

Q. What are heavy open hearth rails?

A. They are made of open hearth steel, steel in which scrap and metals are mixed in an open hearth furnace. The steel is treated in a different way. Sometimes Bessemer steel is used in duplexing process, but as a general rule an open hearth furnace is a furnace in which scrap and hot metals are boiled and clarified by the use of alloys and ferro manganese and so forth.

Q. In making the classification between heavy and light rails for statistical purposes (showing witness Defendants' Exhibit 42), does that apply to everything over 45 pounds, heavy rails?

A. 45 pounds; that is usually the dividing line.

Q. So that instead of what you ordinarily term a heavy rail, on this table it would be anything over 45 pounds?

A. Yes. I thought you asked me what I would call a heavy rail.

Q. Yes, I did not put my question clearly, probably. What are light rails, and what are they used for?

A. Light rails are used principally for industrial railroads, lumber camps, coal mines, and for such general purposes. They are not standard, not on trunk lines or steam railroads.

Q. Are they made from Bessemer or open hearth steel?

A. Principally from Bessemer, and mostly re-rolled from billets or blooms. A great many light rails are re-rolled from old rails, by mills known as re-rolling mills, of which there are large numbers in this country.

Q. Have you any re-rolling mills?

A. We have one mill at Braddock, the Edgar Thomson Works, No. 3 mill, which re-rolls blooms and billets.

Q. You stated a moment ago, referring to the Bessemer and open hearth, that you had about one and one-half million tons of Bessemer capacity that had become obsolete?

A. Yes.

Q. Within what period has it become obsolete?

A. It has become obsolete within four years.

Q. Is it good Bessemer capacity?

A. Splendid equipment; it stands at Homestead, at our works there. There is not sufficient demand for Bessemer steel to enable us to operate the plant; that is, that part of the plant.

Q. And that change has taken place within the last few years?

A. Yes.

Q. How much Bessemer capacity are you using now?

A. About thirty per cent. of our capacity.

Q. What is your total tonnage?

A. The total tonnage of the Steel Corporation?

Q. Yes.

A. 17,500,000 tons of ingots last year.

Q. And about thirty per cent. of that is Bessemer, and the rest is open hearth, as I understand you?

A. It will probably be a little higher than that, probably about forty-five per cent; less than half of our capacity.

Q. What are small Bessemer billets; what are they used for?

A. Small Bessemer billets are sold to concerns who manufacture small angles for car frames, and for different forging purposes, principally, for forging into small articles.

Q. What are sheet and tin plate bars?

A. A sheet and tin plate bar is a section about an inch and a half or two inches wide, rectangular, really plate rolled from a billet.

Q. It is rolled from a billet, and what is it used for?

A. It is used for hot rolling into sheets for tin plate and sheets.

Q. Is that a commodity that is sold in the market?

A. Very largely.

Q. Does the Steel Corporation sell it in the market?

A. They sell it to some extent. The Carnegie Steel Company furnish some sheet bars and billets to concerns in its vicinity.

Q. To what use does the Corporation put the bulk of its capacity of that kind?

A. Into sheets and tin plates.

Q. What are sheared plates?

A. A sheared plate is a plate rolled in a mill and run through a flying shear, and sheared off to the size required.

Q. Cut to a certain width?

A. Cut to the market width, widths required by the customers.

Q. What is a universal plate?

A. A universal plate is a plate rolled on a two-high mill, two sets of rollers.

Q. What is the difference in the character of the plate after it comes out, as compared to a sheared plate?

A. Nothing, with the exception that the universal plate is rolled longer and in greater variety.

Q. Is it the use of the universal plate which differentiates it from the sheared plate?

A. Universal plates are usually taken by car builders and people who use the material in very large quantities, and who desire to cut them up into sizes suitable for their requirements.

Q. About what is the size of the sheet bar? I forgot to ask you that. What is the width and thickness of the sheet bar?

A. The bars are generally from ten to twelve feet long, and the thickness runs from one-eighth of an inch up to five-eighths of an inch.

Q. And how wide are they?

A. The width varies according to the size of the plate or the sheet which they desire to roll. In fact, they roll very accurately, in order to yield a plate or a sheet that will come within the gauges the buyer desires to roll.

Q. Can you give a minimum and a maximum width?

A. The minimum width would be about eight to nine inches, and the maximum width would be about eighteen inches.

Q. Those are made to order, are they?

A. They are all made to order, and usually specified in ounces—what we call a nine ounce sheet or a ten ounce sheet, and so on.

Q. What is an angle?

A. An angle is a section that is rolled in the shape of an L.

Q. What is an angle used for?

A. Angles are used in car building to make car frames and car trucks. They are used in making bedsteads and for a great variety of purposes.

Q. Are there different angles, some nearer to a right angle and some less?

A. Yes sir; we have equal and unequal angles,—quite a great variety of shapes.

Q. Are angles long pieces of steel?

A. They are generally from eight to ten or twelve feet long.

Q. What are beams?

A. A beam is a grooved section.

Q. Is it put together?

A. No; it is rolled.

Q. It is rolled all in one?

A. There is a flange on each side and a groove in the center.

Q. What is the difference between the ordinary beam as you have described it and what is called the Bethlehem section?

A. The difference is that the Bethlehem section is rolled with a wider flange than the ordinary beam.

Q. How much is the difference in width of the flange?

A. They vary all the way up to 24 or 26 inches.

Q. You mean they are much wider than the ordinary flange?

A. Wider, yes.

Q. What are channels?

A. A channel is a grooved section, similar to a beam, except that the groove is deeper.

Q. The groove is deeper?

A. Yes.

Q. What are Z's and T's?

A. The Z is a bar rolled in the shape of the letter Z and a T is a section rolled in the shape of a letter T.

Q. What are they used for?

A. They are used for various purposes, in manufacturing machinery, for frames of machines, and different purposes.

Q. I notice on this list certain items called structural shapes. Are these things which you have just described structural shapes?

A. Those are known as structural shapes, yes.

Q. What is the merchant bar?

A. A merchant bar is a bar of a quality that is generally sold for blacksmith purposes, or for some purpose in which welding or some other hot work is desired.

Q. How large are bars?

A. Bars are made from $\frac{3}{8}$ of an inch to 8 and 9 inches in diameter. Those 8 and 9 inches in diameter are sometimes turned for making shafting, or generally for some purpose of that character.

Q. You spoke of diameter. Are bars round or square?

A. They are round or square or flat. There is a great variety of shapes of bars.

Q. What is spring steel?

A. Spring steel is a high carbon steel used for making car springs principally, or springs to be tempered for some purpose where great strength is required.

Q. What is skelp?

A. Skelp is a flat plate that is used for rolling into pipe.

Q. How does that differ from these other plates of which you have been speaking?

A. Not to any great extent. Skelp is generally rolled on what we call a universal mill; the same mill on which we roll the universal plates.

Q. Does it get its name chiefly from the purpose for which it is destined to be used, in making pipes, or has it any substantial difference other than that?

A. No; it is a name that has grown up in the business. There are a great many names used in the iron and steel business, as there are in other businesses, that have been adopted by the workmen.

Q. I understand; but this is practically interchangeable with a certain kind of universal plates, is it?

A. It is, yes.

Q. Hoops are what we understand by the name, I suppose?

A. Yes sir; hoops and bands.

Q. What are cotton ties as distinguished from hoops?

A. A cotton tie is a hoop rolled to a certain gauge and length and having buckles adjusted to the tie for the purpose of baling the cotton.

Q. Does the Steel Corporation make a great number of cotton ties?

A. The Steel Corporation makes a great number of cotton ties. We are making more than we would like to make at times.

Q. Are there other manufacturers of cotton ties in this country?

A. There are other manufacturers of cotton ties, but they do not exhibit any particular desire to roll cotton ties, because of the price at which they are sold; so that it has devolved upon the Steel Corporation this year to roll about 1,900,000 bundles of cotton ties to bale the coming cotton crop. Those ties are sold at 85 cents a bundle, equal to about 1 ½ cents a pound.

Q. How are they sold and distributed?

A. The ties are generally rolled in the winter time and sent to warehouses in the South. We have warehouses at Wilmington, Charleston, Savannah, Brunswick, Mobile, New

Orleans, Vicksburg, Shreveport and one at Galveston and one at Memphis. [Those ties are put in stock in the winter time and carried there until July or August. We generally have from a million and a half to two million dollars tied up in cotton ties, waiting for the cotton to be baled; and when the cotton is ready to be baled the compressman buys the ties and we get the money about six months after the manufacture of the goods. It is not a business that appears to be attractive to our competitors.

Q. In what way do you advertise your prices on cotton ties?

A. At the beginning of the season; that is, in April or May, we announce our prices on cotton ties, generally through the trade papers; and that price becomes known to the consumers or the cotton compress people. They generally buy their ties through merchants who also sell the bagging; but the price of our ties is known, and that prevents the middleman from exacting an excessive price from the consumer.

Q. Who are the other manufacturers of cotton ties in this country?

A. There is the Sharon Steel Hoop Company of Sharon, Pennsylvania; the Pittsburgh Steel Company of Monessen; the Atlanta Steel Hoop Company of Atlanta, Georgia, and the Connors-Weyman Company at Helena, Alabama, near Birmingham.

Q. Mr. Farrell, you said a moment ago that your competitors do not show any anxiety to make cotton ties, or something to that effect?

A. It is because of the fact that what are known as hoop mill products can be sold at about a dollar and a quarter a bundle. A bundle of cotton ties weighs 45 pounds, and a bundle of cotton ties is sold for 85 cents, so that the product of their hoop mills is sold in the form of hoops for cold rolling into bright steels for hoops for slack barrels, whiskey barrels, and so forth, and as a consequence of that demand and the apparent unwillingness of our competitors to sell the cotton ties, it has devolved upon us to supply the bulk of the cotton tie requirements of the country.

Q. Is that a usual thing or is it just for this year that that is so?

A. That is a usual thing.

Q. Is it more so this year and last year than it was formerly?

A. It is more so this year, yes. It is estimated that the cotton crop this year will amount to about sixteen million bales. That cotton crop is valued at $750,000,000, and yet it only required $2,000,000 of ties to bale that cotton, and if it were not for the fact that the Steel Corporation is in that line of business, and if it were not for their policy of doing a general business irrespective of conditions, I think the cotton crop of this country would lie on the ground this year.

Q. Are cotton ties manufactured abroad?

A. They are made in Germany, and also by mills at Warrington and Wolverhampton and Birmingham, England.

Q. To what market are those cotton ties ordinarily exported?

A. Generally to Egypt, India and South Africa and some to China. The British Government has been for years making a great effort to develop the growing of cotton in their colonies, and as a consequence the increase in the production of cotton has been notable in those countries; and there have not been any more cotton tie mills built. The result is that the cotton ties go to India, which is a very large cotton growing market, to Egypt, to South Africa and to some other countries; some go to Mexico.

Q. What are tie plates?

A. A tie plate is a corrugated plate, a flat piece of steel corrugated and placed under the base of a steel rail to fasten the rail with the spikes to the tie. It is an article that has come into more general use in recent years, because of the desire on the part of the railroads to safeguard their rails, if possible, from slipping.

Q. I suppose splice bars and rail joints do not need any definition. There is another item here, "axles, turned, W. S. & J." What does that mean?

A. Wheel seated and journaled.

Q. What is the difference?

A. The difference is that one we ship out to the axle manufacturer and he wheel-seats it and turns it himself and

journals it; on the other we perform the operation. We complete the axle and ship it out finished.

Q. I see here on this list another kind of axle "turned all over." What does that mean?

A. That axle is a smooth axle, that might be used in a automobile or a truck, or something of that kind; not necessarily on a railroad car, because very few axles on railroad cars are turned all over; there is no necessity for it.

Q. I see here also "axles, forged only."

A. That is the rough forged axle, under a hammer. That is sent to a concern that has the complete finishing equipment.

Q. What are "axles, American Bridge?" That seems to be a domestic product, not exported.

A. That does not mean anything.

Q. It is just a trade name?

A. It is just a trade name. It is a product that the American Bridge Company make largely for their own consumption.

Q. Here is an item of wheels. Do you make wheels out of steel?

A. We manufacture steel wheels. We commenced the manufacture of steel wheels in 1908, I think.

Q. Railroad wheels?

A. Solid steel forged wheels. It has been a rapid development.

Q. Are they largely used now?

A. They are coming into use. There are cast iron wheels, wheels made of charcoal iron and wheels made of forged iron, and there are some cast steel wheels.

Q. Are the majority of car wheels made of steel or iron?

A. Iron; a large majority.

Q. Is or is not this product competitive with the iron wheels?

A. I should say that the iron wheel is competitive with the steel wheel.

Q. Except that there are more iron wheels than steel wheels?

A. Yes; there are more, about sixteen to one.

Q. I see you have an item here of steel ties. Are they used to any extent in this country?

A. Steel ties are replacing wooden ties on steam railroads. We have on the Bessemer & Lake Erie 144 miles of steel ties, and we are selling a considerable number of steel ties to other railroads; probably more to foreign countries than we are to the United States. Some railroads in Central America and South America are equipped entirely with steel ties.

Q. Are there some countries where the steel tie is used almost exclusively?

A. Yes; in Costa Rica, Gautemala and the Central American republics.

Q. How is it in Switzerland?

A. In Switzerland they are using a great many steel ties; also in Belgium. In fact, all through Europe.

Q. And in England?

A. In England, yes.

Q. What is "black merchant pipe?"

A. "Black merchant pipe" is a pipe that is not galvanized after it is rolled. That term is used to differentiate between galvanized and black.

Q. I see there in the last few years on this exhibit "steel piling." What is that?

A. Steel piling is a new development in steel. It is used for driving piles instead of long timbers.

Q. Where is it used?

A. It is used all over the country. We send a great deal to the Panama Canal. A great deal of it is being used on the New York State Barge Canal, and it is used for general purposes. It is really an emergency article. A very short time ago the Board of Engineers of the War Department asked us to turn out 500 tons of piling for the levee of New Orleans during these recent floods. We received the order on Thursday, and notwithstanding the fact that we were busy—we always give the Government preference over any other customer, and they generally want it on their work—that material was turned out and on the way on Tuesday, and arrived at New Orleans in eighty-six hours, seventeen days before the high water got down to New Orleans. As a result of that strengthening of the embankment, certain portions of the city of New Orleans were preserved from the encroachments of the high water.

Q. It is a good material, then, for piling, is it?

A. Yes; it is a lock-joint shape. Steel piling was used for raising the "Maine" in Havana Harbor, by building a cofferdam around it. We are now figuring with the French government to raise the "La Liberte," the French battleship that was sunk in Toulon harbor. It is used for all sorts of purposes.

MR. LINDABURY: What was the extent of that New Orleans order?

THE WITNESS: 515 tons, to be exact.

Q. Who originated this commodity, steel piling?

A. There are various forms of steel piling invented, and it has finally gotten down to about three different sections. We were the principal people in the steel piling business, and others have taken it up.

Q. I think you yesterday described oil country commodities.

A. Yes.

Q. Did you also state what was meant by "o. d. and miscellaneous?"

A. I did.

MR. LINDABURY: Outside dimension and miscellaneous.

By MR. SEVERANCE:

Q. What is the difference between what you classify as boiler tubes and seamless tubes?

A. A boiler tube is a hot rolled tube, a black tube, and a seamless tube is cold drawn and solid.

Q. Is a boiler tube solid also?

A. It is solid, but it is butt welded or lap welded.

Q. It is not seamless?

A. No.

Q. The ordinary boiler tube is a welded tube?

A. The ordinary boiler tube is a welded tube.

Q. Are they used for the same purposes?

A. Yes, the same purposes.

Q. That is, in steam boilers?

A. Yes.

Q. What general uses are there for seamless tubes?

A. Seamless tubes are largely used in a mechanical way. The seamless tube came into existence at the time when the bicycle began to be generally used, and there was a very large development at that time; and as a result, a number of mills were built to manufacture seamless tubes for frames for bicycles, and they have subsequently come into use for other purposes.

Q. Will you state the process of making a lap welded tube? How is it done?

A. The plate is put in the rear of the furnace, and it comes out on a mandrel and is manipulated.

Q. Go on; that does not mean anything. It does to you, but not to me. What do you mean by manipulated?

A. It is drawn around this mandrel until the sections are drawn together.

Q. What do you say it is drawn around?

A. A mandrel.

Q. What is that?

A. A bar.

Q. Is it the shape of the inside of the tube?

A. Generally, yes.

Q. Round?

A. Round.

Q. Do you mean that the plate is heated and wrought out, and, as you might say, wound around this mandrel, this round bar?

A. Around the mandrel, yes.

Q. And then it is drawn?

A. Yes.

Q. That is right; drawn around this?

A. Yes.

Q. How does that differ from a butt weld?

A. It is just a difference in the process.

Q. A difference in the way of uniting the two edges?

A. A difference in the way of uniting the two edges.

Q. What are tube fittings?

A. A tube fitting is a gate valve, or a plug, or anything that you would fasten on a pipe to make a connection with a faucet, or anything of that kind.

Q. Which one of your subsidiaries makes tube fittings?

A. The National Tube Company, made at Kewanee.

Q. What are tie plate slabs?

A. A tie plate slab is a section of steel that is sold for the purpose of rolling into tie plates.

Q. Is it some peculiar shape?

A. It is an ordinary flat slab.

Q. Tin plate cokes and tin plate charcoals; what is the difference?

A. The difference is in the fuel used in making the material.

Q. Do you make both kinds?

A. We make both. The charcoals are generally used for roofing purposes, and the cokes are generally used for making containers.

Q. What are tin plate ternes?

A. It is a trade term. It is a roofing plate.

Q. What are galvanized sheets?

A. A galvanized sheet is a black sheet run through a bath of hot spelter and takes on a coating of galvanize.

Q. It is a plain sheet, is it, before it is galvanized?

A. Yes.

Q. What is the difference between black sheet and black plate?

A. No difference except in the name and the purpose for which it is to be used.

Q. What are planished sheets and polished—planished and polished?

A. A planished sheet is generally a thin sheet highly polished or planished and used for locomotive stacks, and sometimes for other purposes where very highly finished articles require it. A great many are sold to automobile manufacturers.

Q. What are rods, either Bessemer, basic, acid or special?

A. Generally wire rods.

Q. How big, how wide?

A. All the way from three-sixteenths of an inch in diameter to about seven-eighths of an inch round.

Q. What are they used for?

A. Used for drawing down into wire.

Q. What is bright coarse wire?

A. That is just a trade designation; generally wire ranging from about a quarter of an inch to half an inch, or five-eighths of an inch in diameter.

MR. LINDABURY: Does "coarse" indicate size?

THE WITNESS: To differentiate from fine. In the mill we use coarse and fine.

By MR. SEVERANCE:

Q. "Fine" means very small in diameter?

A. Generally wire smaller than three-sixteenths of an inch; that is the parlance of the works.

Q. How small wires do you make in the American Steel & Wire Company?

A. We make wire 34-guage, which is just about the size of the hair on your head.

Q. What is that sort of wire used for?

A. Used for weaving very fine cloth; used by textile manufacturers.

Q. What is that sold for?

A. It sells for from $700 to $800 a ton, some of it $850 a ton.

Q. Do you make all sizes from that up?

A. All sizes from one inch to 34-gauge.

Q. What is wire, copper and liquor finish?

A. That is a wire that is drawn through a bath of muriatic acid in which sulphate of copper is used, for the purpose of giving it a coating, which brightens when drawn through a die, it resembles a pure copper or brass after it is finished; it has a liquid coating.

Q. What is furniture spring wire?

A. Furniture spring wire is high carbon steel wire which is manufactured for the purpose of winding into a spiral spring; it may be used in a bed or in a mechanical way.

Q. What is the difference between standard and miscellaneous wire nails?

A. The standard nail is generally a penny nail, known in the trade as a penny nail. There are three-penny to sixty-penny nails. A miscellaneous nail is a nail that was made for special purposes; it might be a brad or used in molding work. There are probably 700 different kinds of types and sizes and heads of nails—miscellaneous.

Q. Does the American Steel & Wire Company make that many kinds?

A. Yes.

Q. What are galvanized staples and polished staples?

A. A galvanized staple is usually sold with barbed wire, for fastening wire on a fence post. A polished staple is used for the same purpose. The difference is that one is galvanized and that the other is made from bright wire, and there is a difference in the cost because of the difference in quality.

Q. What is the difference between galvanized wire and extra galvanized wire?

A. Ordinary galvanized wire is generally run through a bath in which the wipers are fastened down so that the amount of spelter on the wire is not as great as it is in extra galvanized, where the wipers are a little looser—if that term can be used—and there is more spelter on the wire.

Q. Are the two classes of wire used for the same purposes?

A. Sometimes, but extra galvanized wire is generally sent to countries where there is an excessive moisture. For instance, we make some fencing of extra galvanized wire, and the railroads generally fence in their rights of way with fencing made of so-called extra galvanized.

Q. It makes a difference in the length of time that the wire will last?

A. Yes.

Q. Extra galvanized will last longer?

A. It will.

Q. And will stand the weather better?

A. That is the purpose of it.

Q. What is coarse tinned wire, and tinned mattress and broom wire?

A. Coarse tinned wire is any size from three-sixteenths to half an inch in diameter, tinned and used for various purposes, such as bird gages and all sorts of things. Tinned mattress wire is a wire generally 18, 19, 20 or 21 wire gauge, used for weaving into a fabric for the mattress.

Q. What is painted barbed wire?

A. Barbed wire made from an annealed wire, painted.

Q. Painted with ordinary paint?

A. Painted generally with brown paint.

Q. Varnished wire is wire that is varnished—or what does that mean?

A. It is run through a solution of coal tar and dried; it is known as varnished wire, but as a matter of fact, it is not varnished in the sense that you use varnish on a table.

Q. What is galvanized twisted wire?

A. Where two strands of wire are twisted together, sometimes used for fencing, and galvanized before.

Q. I see you have field fence, American, and field fence, Ellwood. What does that mean?

A. They are trade names. The American fence is of wire that is generally made of No. 9—No. 9 to No. 11, and Ellwood fence is generally made of No. 12 or No. 13, lighter wires in the fabric.

Q. What kind of fence is it, woven wire fence?

A. Woven wire fence, American fence is generally used for fencing in farms, and the Ellwood is generally used for fencing in lawn.

Q. Then you have field fence—all other.

A. There are various types of field fence. It is all woven.

Q. Concrete reinforcement; is that a new product or an old product?

A. A new product.

Q. Describe it.

A. We commenced the manufacture of concrete reinforcement in 1907, and made a few hundred tons that year. At the present time we are making 30,000 to 40,000 tons a year. It is used for strengthening, used in cement and floors, and for various other purposes; used for making water pipe with cement; it is a strengthening or reinforcing fabric, with the cement.

Q. Is it used pretty generally all over the world?

A. Pretty generally all over the world.

MR. LINDABURY: It is flexible wire?

THE WITNESS: Yes.

By MR. SEVERANCE:

Q. What are bale ties, as distinguished from cotton ties?

A. A bale tie is generally of 14 or 15 wire gauge, with a loop twisted on the end. Some of these bale ties have an ad-

justable fastening on the end, a hook or an arrow, or something.

Q. What is shafting?

A. Shafting is material that is turned from a bar and used in mills for putting on pulleys and transmission gear.

Q. Wire rope, iron, steel and copper; I suppose those are just what the names indicate?

A. Yes; there are 800 styles of wire rope.

Q. You mean the American Steel & Wire Company makes 800 kinds?

A. They actually make 888 different styles and kinds of wire rope, 16,000 tons a year. We are not large manufacturers of wire rope, as compared with the general output of the country. We manufacture special hawsers and towing hawsers, and so forth.

Q. Who are the largest manufacturers of wire rope?

A. There are a number of large manufacturers. The Wright Wire Company of Worcester, Massachusetts; John A. Roebling's Sons of Trenton, New Jersey, which is one of the largest manufacturers in the country; the Hazard Manufacturing Company of Wilkes-Barre, Pennsylvania; the Williamsport Wire Rope Company of Williamsport, Pennsylvania; A. Leschen's Sons Company, St. Louis, Missouri; the Broderick & Bascom Wire Rope Company of St. Louis; McComber & Whyte, of Chicago. On the Pacific Coast the Broderick & Bascom Wire Rope Company have a plant at North Seattle, Washington; the Pacific Coast Wire Rope Company, San Francisco; the West Coast Rope Company, Kent, Washington, and the Industrial Works at Los Angeles, California.

Q. Do you know about what percentage of the wire rope business of the country is done by the American Steel & Wire Company?

A. About 22 or 23 per cent approximately.

Q. What is cold rolled wire?

A. Cold rolled wire is generally a round wire put through rolls and rolled down into a flat section. It is used for a great variety of purposes, and manufactured in great variety.

Q. Does the American Steel & Wire Company make a great many varieties?

A. They make a great many varieties.

Q. And a good many people make it?

A. Yes; there are more people making it than the American Steel & Wire Company.

Q. What is insulated wire, what is it covered with?

A. It is a wire generally covered with cambric and a mixture of gutta percha and other ingredients, with a copper wire in the center.

Q. What is that used for?

A. Used for electrical purposes.

Q. You have one item of copper wire without any other designation.

A. Bare copper wire used for trolley wire or transmission wire.

Q. Is that what would be used for telephone and telegraph lines?

A. Yes; it is used on telephone lines.

Q. What are copper rail bonds?

A. A copper rail bond is composed of a number of flat pieces of copper wire joined together and bolted on to rails for the purpose of conductivity, carrying the current.

Q. It is used in connection with the third rail on electrical railroads?

A. Used in connection with the third rail and on trolley roads.

Q. It seems to be very expensive material, according to this exhibit.

A. It is.

Q. Is there much of it made?

A. There are a great many different sizes and types made. We make about a million and a half bonds a year; they are also used in the Subway.

Q. They are manufactured by other people?

A. They are manufactured by a large number of other concerns.

Q. What are copper billets and rods?

A. A copper billet is an extra production from a copper ingot; a rod is rolled from a copper billet and redrawn.

Q. It is the same as steel then?

A. Yes.

Q. What is a wire shape?

A. A wire shape is a description of a hexagon or a square; it is used to denominate a different form other than round. There are a great variety of shapes.

Q. I see an item of wire tacks; are they largely used or not?

A. They are superseding the cut tacks. We are manufacturing quite a good many at our Cleveland works.

Q. Poultry netting is something in the line of woven wire fencing?

A. Yes, used for poultry farms.

Q. Galvanized cable or strand; how does cable differ from wire rope?

A. Well, a cable is generally insulated for submarine work, and sometimes a towing hawser would be called a cable, whereas as a matter of fact it is just wire rope. We manufacture submarine cables.

Q. What is flat specialty wire?

A. Flat specialty wire is generally a high carbon steel wire sold to manufacturers of clock springs and other materials, who temper the spring after they form it; it is called a specialty.

Q. What is a paper insulated cable?

A. It differentiates from cambric wound; they use paper for winding the cable instead of cloth.

Q. And rubber insulated means wound with rubber?

A. Yes.

Q. Here is something that is referred to often—what are ferro and spiegel?

A. Alloys, generally oxides.

Q. For what purpose are they used?

A. They are used in the molten bath, used in a Bessemer converter or an open hearth converter for deoxidizing or dephosphorizing or desulphurizing; it is a chemical operation.

Q. What is built up track work?

A. Built up track work is generally a number of rails laid together in the form of a point or crossing; sometimes the materials are sent out in sections and the street railways build them up themselves. At other times they send us a drawing and we build them up for them.

Q. What are forgings; how does that differ from railroad material?

A. A forging is generally a bloom or billet worked under a hammer in a shop instead of being rolled.

Q. Do you make small articles like frogs and switches and that sort of thing?

A. The frog or a switch is generally built up work; sometimes forged and sometimes cast; it is generally cast of manganese steel.

Q. What are brt. ann. —bright annealed, and liquor finished wire?

A. Special bright and liquor finished. It is a cheap substitute for copper or brass wires, where the wires are not put to any electrical use.

Q. What are wheel plates?

A. Generally a flat section that is used in a frog or crossing.

Q. You have made up a statement of the tonnage of exports of the United States Steel subsidiaries since 1902 up to 1912, by years and by articles?

A. Yes.

Q. That was made up by whom?

A. That was made up by the Comptroller's office.

Q. By Mr. Filbert?

A. By Mr. Filbert.

Q. Have you examined that paper?

A. Yes, I have examined it very carefully.

Q. And from your knowledge of the business that is covered by it, what would you say as to whether it is a substantially correct statement, speaking from your own knowledge?

A. I should say it was substantially correct, to my own knowledge.

(The paper was marked temporarily, for the purpose of identification, Defendants' Exhibit 44.)

Q. I show you this paper marked Defendants' Exhibit 44; is that the statement to which you have just referred?

A. Yes.

MR. SEVERANCE: I offer it in evidence.

MR. DICKINSON: It is objected to on the ground that the witness has not shown that he has compared it with the original, and also on the further ground that it is not the best evidence, and that the original entries are the best and the only proper evidence, and then, the general exception that has already been reserved as to these matters relating to the time after the filing of the petition.

MR. SEVERANCE: Yes, I understand that; but you do not want us to bring the books in here. You say it is not the best evidence. You do not want the books here, do you?

MR. DICKINSON: I am reserving the objection.

(The paper referred to was offered in evidence and marked "Defendants' Exhibit Farrell No. 44, and will be found in the volume of exhibits.)

Q. I notice that this table, exhibit No. 44, shows the tonnage of exports in 1902, 275,823 gross tons. You testified yesterday that the tonnage of exports that year was about 290,000 tons?

A. Yes.

Q. What occasions the difference between your figure and this.

MR. COLTON: If you will excuse me, I think he says he was speaking about 1903 when he said 290,000 tons. That is at page 7110.

MR. SEVERANCE: He intended to say the other, and I think he did. Yes, it does appear here.

THE WITNESS: 1902 was the date I intended to use. I meant to correct that.

MR. SEVERANCE: Then on page 7110 the year 1903 should be 1902?

THE WITNESS: Yes.

MR. LINDABURY: Explain it in some other way, as this numbered page will not be the same in the printed record.

MR. COLTON: The answer reads: "The business has been prosecuted continuously; it has been built up from 290,000 tons in 1903, I think, to 2,146,000 tons in 1912."

THE WITNESS: Yes.

By Mr. Severance:

Q. In giving that answer yesterday you say you intended to use the year 1902 instead of 1903?

A. I intended to use 1902 instead of 1903.

Q. Explain the difference between 275,000 tons and 290,000 tons that you mentioned yesterday.

A. In export business we deal in net tons, whereas in the Comptroller's office they deal in gross tons; that makes the difference in figures. We sell in net tons, whereas they take their account in gross tons.

Q. You mean Mr. Filbert, the Comptroller of the Corporation?

A. Yes.

Q. That would make the difference between 275,000 and 290,000.

A. Yes.

Q. That is, 275,000 gross tons would be about 290,000 net tons?

A. Approximately.

Q. This Exhibit 44 itemizes certain commodities, and then at the bottom there is this item: "Other sundry iron and steel products of classes which Government statistics do not show separately or specifically."

A. Yes, sir.

Q. The others would show generally the production of the country?

A. For example, the Government statistics do not differentiate between plates and ordinary rolled sheet.

Q. These items that are itemized are ones that appear on the Government statistics, as I understand you?

A. Yes.

Q. And the balance of it is lump?

A. Yes.

Q. You regard steel rails as a finished product, do you not?

A. Yes.

Q. And wire rods?

A. Yes.

Q. And steel bars, hoops and bands?

A. Yes.

Q. Plates and sheet, including skelp; what is that? Finished?

A. Finished.

Q. That shows a very large increase, I see,—from 10,000 tons in 1902 to 505,000 tons. How is that accounted for, such an enormous increase in that one item?

A. Through extending the market.

Q. Structural shapes seem to have increased from 15,000 tons to 227,485 tons?

A. Largely to Canadian and Mexican nearby markets, and South America.

Q. Mr. Farrell, you stated yesterday that the Steel Products Company handled most of the subsidiaries of the corporation, as far as exports are concerned?

A. Yes.

Q. Has that company handled the armour plate business?

A. No, sir; the armour plate business has always been dealt with by the Carnegie Steel Company through their own agents.

Q. Has any other of the subsidiaries of the Corporation an armour plate plant except the Carnegie?

A. No.

Q. Have you ever had any connection, then, with the armour plate business?

A. Never.

Q. I mean, when you were president of the Steel Products Company?

A. Not at any time.

Q. Will you state where the plants are located that do the foreign business, that is the export business? You have already stated that there were five plants of the American Steel & Wire Company, which you named?

A. Yes, sir.

Q. Will you kindly give the location of the other plants of the Corporation that furnish these commodities for export?

A. In tubes, the National Tube Company's plant at McKeesport and at Lorain, Ohio; in sheet steel the American Sheet & Tin Plate Company's plant at Vandergrift, Pennsylvania.

Q. It is practically in the Pittsburgh District?

A. It is in the Pittsburgh District. Also plants at Newcastle, Pennsylvania, in the Pittsburgh District, and at Monessen, Pennsylvania.

Q. That is in the Pittsburgh District?

A. And some material from the Aetna Standard Works at Bridgeport, Ohio.

Q. What part of Ohio is Bridgeport in?

A. Bridgeport is near Steubenville, Ohio, about sixty or seventy miles from Pittsburgh. Also the Carnegie Steel Company's plants at Braddock, Homestead and Duquesne, at Pittsburgh; the Carnegie Steel Company's plant at Allegheny; the American Bridge Company's plant at Pencoyd.

Q. Where is that?

A. Pennsylvania; it is a suburb of Philadelphia. Also Trenton, New Jersey; Elmira, New York, and Ambridge, which is, a suburb of Pittsburgh. I mentioned the American Steel & Wire yesterday.

Q. Yes, you referred to the American Steel & Wire yesterday.

A. Also the Lorain Plant at Johnstown, Pennsylvania.

Q. You stated yesterday four concerns in addition to the Allentown plant of the Steel & Wire Company?

A. The American Steel & Wire Company's plants at Allentown, Pennsylvania; Donora, Pennsylvania; the Union plant at Braddock, Pennsylvania; the H. P. Works and the American works at Cleveland.

Q. I thought you said that yesterday. Mr. Halstead did not recall it. I thought you had spoken of all of them yesterday.

A. Yes.

Q. Is there any export business done out of Worcester, Massachusetts?

A. Some export business in specialties.

Q. What do you mean by "specialties?"

A. Wire rope and some copper wire products, flat wires and wires used in the automobile and bicycle industries. It is largely confined to special wires.

Q. How does that move, out of the port of Boston or New York?

A. New York, principally, because of the frequency of steamers.

Q. You testified yesterday with reference to certain exports in recent years from Birmingham. I do not know whether you completed that or whether you stated all the things you have exported out of Birmingham.

A. No, I gave the percentages.

Q. Will you state what, if anything, has been exported from Birmingham since 1908?

A. Rails and pig iron. The capacity of the Tennessee Coal & Iron Company on merchant products is a little under 50,000 tons per annum, which is about one-half of one per cent of the productive capacity of the country. We have shipped rails. The first rail order we executed at the Tennessee Works was for the Argentine government; for the Chumbicha Railway. We expended on the rolls, in preparing the rolls for that order, something like $74,000. That was for the first order. Since that time we have placed orders there for rails for Brazil, Central America, and we are now making some rails there for Australia. Since 1908 we have probably produced at that mill 100,000 tons of rails for export. We are gradually developing an export business at that plant.

Q. Through what ports do you ship from Birmingham?

A. To Central America, largely from Pensacola. To Brazil and Australia, largely through Savannah and Pensacola.

Q. Do you ship at all through Mobile?

A. Some through Mobile; from Mobile to Argentina. There is a line running, now, from Mobile to the River Plate.

Q. Outside of the rails that you sent out to western Canada, that you mentioned yesterday, what export business has been done by the plants of the Illinois Steel Company, if any, since the Steel Products Company was formed?

A. Comparatively little. There was one order, I think, shipped overland to Japan.

Q. Is that since the Steel Products Company was formed or before?

A. Oh, that was before the Steel Products Company was formed. At the time the freight rates were very low.

Q. That was before the Corporation was formed?

A. That was before the Corporation was formed. I have had that in mind as a vivid impression of an export order that they executed.

Q. And that moved through San Francisco?

A. It moved through Seattle and Tacoma.

Q. Over the Great Northern?

A. And in one of the Hill Line steamers.

Q. That was a good many years ago?

A. Yes; that was at a time when the freight rate was forty-five cents from Chicago to Yokohama.

Q. Has it been possible since the freight rates were readjusted to do an export business with that plant out there?

A. No.

Q. In conducting an export business, Mr. Farrell, what have you met with in the way of costs of production by European manufacturers, in making prices?

A. We have made an exhaustive study of the costs of production in Europe. The wages paid in the iron and steel industry in Europe are two and one-fifth times less than the wages paid in this country.

Q. Turn it around. What per cent are they paying there of what we pay?

A. Considerably more than thirty-five per cent; about thirty-seven or thirty-eight per cent.

Q. They pay about thirty-seven or thirty-eight per cent?

A. Yes, sir.

Q. Is it the same percent in different countries, or does it differ in different countries?

A. It differs in different countries. It is practically the same in Germany, France and Belgium, a little more in England, and perhaps a little less in Austria, Russia and Italy. All of those countries are large steel producing countries.

Q. Outside of the wages of men, how are the costs as compared with those in this country?

A. The costs of transportation are lower.

Q. You mean inland transportation, or oversea?

A. Inland transportation.

Q. Just describe that, will you?

A. A mill located in the Westphalian district, in the District of Westphalia, which is one of the largest steel producing districts of Germany, they can transport their materials to a shipping port—Antwerp, Rotterdam, Bremen or Hamburg—for about sixty cents a ton.

Q. What is the distance to those ports?

A. About 300 miles.

Q. What is the distance from Pittsburgh to New York?

A. 434 miles, I think.

Q. And you have, according to your figures which you produce here, a ten and a half cents a hundred rate from Pittsburgh?

A. That is the export rate.

Q. That is what I mean. That would be $2.10 per net ton?

A. Yes; excepting on rails. There is a lower rate on export rails.

Q. What is the lower rate on rails?

A. $1.75 to New York per gross ton.

Q. Does this sixty cent rate a ton in Germany apply to net or gross tons?

A. Gross tons.

Q. Does it apply to all classes of products, or only to a portion?

A. Largely to raw materials and semi-finished materials. The rates are about fifteen per cent higher on finished materials.

Q. What would be the rate on rails, then?

A. About fifty to sixty cents per ton.

Q. I thought you said it was sixty cents on semi-finished. I say, what would be the rate on rails?

A. The rates are the same as on semi-finished materials.

Q. They are?

A. Yes; but all other commodities are about fifteen per cent higher.

Q. How is it in France and Belgium and other countries as to the rates to the seaboard?

A. The mills in Belgium are all located contiguous to Antwerp. They are located at Liege and Charleroi and Marchaye and Sambre-Moselle; they are very close to the seaboard.

Q. How is it in England?

A. In England nearly all of the mills are on the sea coast or adjacent to the sea coast; Cardiff, Middlesborough, Barrow, Newcastle and Swansea.

Q. How is it in Austria?

A. In Austria the mills are located pretty well in the interior.

Q. How are their rail rates?

A. Their rail rates are special rates on export business.

Q. They make a special rate for it?

A. All of the European countries; that is, the Continental countries, make special rates on export business.

Q. You mean low rates, do you?

A. Yes. You can ship from Dusseldorf, Germany, to Constantinople by the German Levant Line as low as they will charge for shipping from Dusseldorf to a local point in Germany for domestic consumption.

Q. How is it in Russia? Where are the plants located in Russia?

A. Most of the plants are located in southern Russia, either on the Black Sea, or close to the Black Sea. There is a very large works at Taganrog, and very large works at Nikolaiev and Kershon.

Q. How are the shipping facilities from European ports contiguous to these various mills to consuming countries in South America and the Orient, which you detailed yesterday, as compared with the shipping facilities from this country?

A. The shipping facilities from Europe are very extensive; but in later years we have been getting better facilities here all the time, by reason of the fact that we are producing more material for export, and thereby making it more attractive for ship owners to come here and carry the goods away. The ship owner does not care very much whether he carries goods from this country or any other country, as long as the traffic exists.

Q. How does the frequency of sailings compare from these European ports and our ports?

A. The sailings from Europe to the various ports of the world are more frequent, and a great many of the vessels are more suitable than the vessels we have in this country.

Q. How are they in general as to comparative speed?

A. About the same, in cargo vessels.

Q. I did not ask you yesterday, when you said that in order to deliver your products you had purchased some vessels, as to the tonnage of those vessels, whether they are large or small.

A. They are 8,000 ton ships.

Q. How are the steamship rates from the various ports in Continental Europe which you have described—I mean the northern ports, Antwerp, Bremen, and so on, and the English ports—to the Orient, as compared with the steamship rates from this country?

A. The steamship rates from the port of shipment are about the same as the rates from this country, but the inland rates are lower, and in many instances lines controlled by the government, or working in connection with the government, absorb the inland rates. But as far as the rates from this country to foreign ports are concerned, as compared with rates from Europe and foreign ports, there is very little difference excepting to some particular points of shipment.

Q. You stated that other steel manufacturers in this country, to some extent, have engaged in foreign trade?

A. Yes.

Q. I will ask you whether the Steel Corporation pays the full steamship rates, the same as its competitors, or whether you get a diminution from that.

A. We pay the same rates as our competitors, and, I think, indirectly we pay more, because we book all of our freight direct with the steamship owners or steamship agents, whereas most of the other shippers book through a broker, who exacts a commission from the steamship owner. That is, our competitor does not get any lower rate, but the steamship man gets less for carrying our competitor's material than he does for carrying ours.

Q. But the rates are the same?

A. The rates are the same.

Q. In addition to the manufacturing cost in Germany that you have mentioned, are there any steel plants or iron plants in any other parts of the world that are able to ship to this country?

A. Yes.

Q. Where are they?

A. Well, we will take for example the new plant at Sini, India, near Calcutta; they are producing pig iron there for seventeen rupees per ton.

Q. How much is 17 rupees?

A. About $5.40 a ton. It costs 48 cents a ton to ship that pig iron from Sini to Calcutta. The wages paid in that country are three to five annas or six to ten cents a day.

Q. To the workmen?

A. To the workmen around the blast furnaces. That is lower than the wages are in China, at Han-yang, near Hankow.

Mr. Dickinson: I will enter an objection to all the testimony regarding wages and cost of transportation in foreign countries, as irrelevant to the issues in this case.

By Mr. Severance:

Q. Will you kindly proceed with your answer. You have not yet given the steamship rate to Pacific coast points from Calcutta.

A. The business there is generally done by sailing vessels, most of which are working out to the west coast of the United States and British Columbia for wheat or lumber. The products from India are carried in these vessels at rates varying from $5 to $6.50 a ton. At the present time there is a cargo of pig iron on the way from Calcutta to San Francisco in a sailing vessel, the first cargo coming in from India.

Mr. Lindabury: Manufactured in India?

The Witness: The first cargo to this country; and they have been sending a great deal of pig iron to Japan and a great deal of pig iron to Australia, large quantities to Australia.

By Mr. Severance:

Q. What is the sailing vessel rate from Calcutta?

A. From $5 to $6.50 a ton.

Q. The cost of pig iron in Calcutta, laid down in Calcutta, is the sum of $5.40 plus 48 cents, or $5.88?

A. Yes.

Q. What is the price of pig iron on the Pacific coast at the present time?

A. At the present time $21.50 per ton.

Q. That is about $10 above the cost of the Indian pig laid down there, is it?

A. Yes. The present duty is $2.50 per ton, and the new duty will be about eight per cent, or about 60 or 70 cents per ton. The freight rate on pig iron from Birmingham to San Francisco, Pacific Coast terminals, is $10.08 per gross ton.

Q. That is the freight from Birmingham is 66 per cent higher than the freight from Calcutta?

A. Yes, which is a water proposition.

Mr. Lindabury: And this other is what?

The Witness: $10.08 per gross ton from Birmingham.

By Mr. Severance:

Q. Is this gross or net tons, this Indian product?

A. Gross tons.

Q. They are the same thing, are they?

A. The same thing.

Q. Then the freight from Birmingham to San Francisco on pig iron is within a dollar or two of as much as the cost of manufacture and the freight both, to the seaboard, and by sailing vessel to San Francisco from this point in India.

A. Yes. These figures were given me by the consulting engineer of these works within two weeks.

Q. What about the manufacture of pig iron and steel in China?

A. At the Han-yang Iron Works, opposite or near Hankow, they have a blast furnace and a rail mill, a mill for rolling bars and structural material, and near Hankow there is a very large bridge building plant which our engineers consider is as fine as any plant in this country.

Q. What is the cost of manufacturing pig iron and steel in China?

A. The Chinaman is paid about sixteen cents a day around the blast furnace. It is a common saying in the iron and steel business that five dollars pays the wages of thirty Chinese laborers around the Han-yang works. Mr. Lee, who is not a Chinaman, but an Englishman, told me that around the Han-yang works, five dollars, or he, being an Englishman, used the pound sterling, he says a pound sterling pays the wages of thirty Chinamen around the blast furnace.

MR. DICKINSON: Without repeating it, let the record show a continuing objection as to the cost of manufacture and cost of transportation to the seaboard from foreign countries.

THE WITNESS: (Continuing) The Han-yang works are supplying most of the rails for the Chinese railways. We are selling a considerable quantity of rails all the time in China. At the present time we have orders with the Che-Kiang Railway, between Canton and Hankow, and the Fu-Kiang.

By MR. SEVERANCE:

Q. How are you able to do business in China as against these local works and the low cost of production?

A. Their capacity at the present time is insufficient to take care of the large demand for rails in China. There is a development in railway building going on in China to-day which is rather unusual.

Q. Have they a greater pig iron capacity than they have steel capacity, and do they export pig iron?

A. They do export pig iron. Most of their pig iron has been going to the Pacific Coast.

Q. What does it cost them to make pig iron per ton there?

A. The estimated cost there is $6.20 a ton.

Q. Is that on the sea?

A. No, it is pretty nearly 500 miles up from Shanghai.

Q. How much is the cost of transportation per ton on pig iron from the works to Pacific Coast points?

A. The ships go there with flour and other commodities, and they take pig iron back for $3.00 a ton.

Q. How much does it cost to get it from the works to the seaboard?

A. The estimated cost is about sixty or seventy cents a ton.

Q. That makes the total transportation charge $3.60, or $3.70 from works to Pacific Coast points?

A. Yes, it comes down the Yangtse River in small boats.

Q. The cost of the pig iron at the works is how much?

A. $6.20.

Q. Which would make about $9.80 at Pacific Coast points?

A. Yes.

(Whereupon an adjournment was taken until two o'clock p. m.)

AFTER RECESS

JAMES A. FARRELL,

the witness under examination at the taking of recess, resumed the stand.

DIRECT EXAMINATION (Continued).

By MR. SEVERANCE:

Q. Has any pig iron been imported into the country from China?

A. Yes; about 200,000 tons.

Q. To what part of the United States?

A. To the Pacific Coast.

Q. Over a series of years?

A. Over the past four years. None in 1912.

Q. None in 1912; but up to that?

A. Up to the time of the disturbance in China.

Q. Have there been any imports from the steel mills in Canada?

A. Not in recent years; but during 1905 and 1906 there were considerable imports into New England from the Dominion Iron and Steel plants of Nova Scotia.

Q. Are the Canadian mills sufficient in capacity to supply the Canadian market now?

A. Not at present.

Q. They have a deficit of capacity?

A. Yes; a very large deficit.

Q. Have foreign rails been imported into the Pacific Coast country in the last few years?

A. There are some importations all the time; not very large. I should think they would run along perhaps six or seven thousand tons a year.

Q. From where do they come?

A. From Antwerp, Middlesborough and Hamburg.

Q. Are there any other steel plants on the Pacific except the ones in China—of course the one in Calcutta is across the Pacific; but I mean any others?

A. The one at Lithgow, near Sydney, in Australia; there is a steel rail mill there. There is one large works building at New Castle, New South Wales. There is a very large works being built there.

Q. How are the works in Australia situated with reference to the raw materials?

A. The works at Lithgow have their ore adjacent to their plants, but they are obliged to bring their coal from New Castle; but this new works to be built will be located at New Castle, and they have very fine coking coal there, and large ore bodies adjacent to the point of manufacture, and limestone. It is estimated by American engineers who have reported on the properties that this works, at a place called Waratah, can assemble the materials and produce pig iron and steel at a lower cost than the United States Steel Corporation. That estimate was made by a man named David Baker, who was connected at one time with our Corporation, and later with the Dominion Iron & Steel Company.

Q. What are the freight rates from Australia to the Pacific Coast?

A. That is an uncertain quantity at the present time. The principal shipments from Australia are coal to the west coast

of South America, and wheat to Europe, and lead ore to Europe; there are very large shipments of lead from the broken hill country in West Australia.

Q. I have not asked you the freight rates from European ports to the Pacific Coast, have I?

A. I do not think so.

Q. I am sure I did not. What are the freight rates from Antwerp, Liverpool, Bremen and Hamburg to the Pacific Coast points in the United States on steel products?

A. The normal rate is from six dollars to six dollars and a half a ton; but during the last two years there has been a scarcity of vessels; that is, not sufficient to move the tonnage of the world, and as a consequence, rates have advanced, so that the present rates are about thirty shillings per ton, or $7.50 per ton to Pacific Coast points from European points.

Q. What are the rates to the Pacific Coast terminals from Pittsburgh on various classes of products?

A. The average rate is eighty cents per hundred pounds, or $16 a net ton.

Q. How is it from Chicago?

A. The rate from Chicago is $13.20, and from Birmingham $16.

Q. The same as Pittsburgh?

A. But only to the terminals.

MR. LINDABURY: These are all of them all-rail rates?

THE WITNESS: All-rail rates; and the rate from New York on Steel products is $11.20, from New York to San Francisco via the American-Hawaiian Line.

By MR. SEVERANCE:

Q. That is by the Isthmus of Tehuantepec?

A. Yes.

Q. How much did you say a ton—$11.20?

A. Yes; $11.20. That is the lowest rate; that is the rate on structural material.

Q. What is the rate from Pittsburgh to New York per ton?

A. $2.60 is the domestic rate on rails, and sixteen and a half cents per hundred pounds on other steel commodities.

Q. $3.30, that would be?

A. Yes.

Q. That would be added to the $11.20 from the port?

A. Yes.

Q. Making a rate from Pittsburgh, then, of $14.50?

A. $14.50 via Tehuantepec, and $16 all-rail.

Q. How much by the Isthmus of Panama?

A. The same.

Q. The same as by Tehuantepec?

A. Yes; when you have an opportunity to ship that way.

Q. Is that a route that is equipped for general business?

A. No. At present the Panama Rail Road Steamship Company are concerned in carrying materials for the construction of the canal, and are not taking very much outside business for shipment via the Pacific Mail.

Q. The Tehuantepec Route, however, is an active route, is it?

A. Yes; it is an active route; two or three steamers a week from New York and Philadelphia.

Q. How does the time in transit from Pittsburgh by the Tehuantepec route compare with the all-rail time?

A. In times of railway congestion the time is less via the Tehuantepec; but under ordinary circumstances you can ship from Pittsburgh to the Coast in sixteen to eighteen days.

Q. By Tehuantepec?

A. No, all-rail; and via Tehuantepec in about thirty days.

Q. Outside of the boats that you run, is there any considerable movement of steel products from the Atlantic seaboard to the Pacific Coast points by the Straits of Magellan?

A. Yes; there are two other lines running there. They carry mostly general merchandise.

Q. How long does it take to make that trip from New York to San Francisco.

A. Seventy days as an average.

Q. How long does it take the steamers from European points to reach Pacific Coast points?

A. About sixty days.

Q. Less time even than from New York.

A. Yes.

Q. Is the distance less?

A. The distance is practically the same, but they are higher powered steamers.

Q. How is the manufacturing district in Luxembourg and Westphalia as to the ease with which raw material can be assembled, as compared with the Pittsburgh District in this country?

A. The Luxembourg District has an advantage over any location in this country by reason of the fact that their raw materials are all within reach.

Q. Are they more nearly located to the furnaces than in Birmingham?

A. Yes; well, about the same as Birmingham; just about the same.

Q. That is, you mean the coal and coke?

A. Yes; as the Germans say, they are sitting on their raw materials in Luxembourg.

Q. How is it at Westphalia?

A. Most of the materials are brought through the canal at very low freight rates, so that while the costs at Luxembourg are somewhat lower than the Westphalia District, at Dusseldorf, the cost would be about 60 cents a ton higher.

Q. Sixty cents a ton higher?

A. Yes, due to the cost of assembling the materials.

Q. How is it in England?

A. Middlesborough is about on the same basis as Luxembourg.

Q. They have three of the principal elements close at hand?

A. Yes.

Q. Do the British import iron ore?

A. Large quantities of iron ore from Spain; that goes principally to the west coast. On the east coast they have their own materials, in Durham.

Q. Do they get any ore from Sweden?

A. Some ore for fluxing purposes. Most of the English steel works own their own mines in Spain; there are very large properties there.

Q. How about the quality of ore in Spain?

A. A high quality of ore, high in metallic content and low in phosphorus.

Q. How high?

A. It runs as high as 56 and 57 per cent of iron.

Q. How is the Swedish ore?

A. The Swedish ore is somewhat better, about 58 per cent.

Q. Does the American Sheet & Tin Plate Company import any of its raw materials?

A. It imports all of its pig tin.

Q. Where does that pig tin come from?

A. From the Straits Settlements, from Penang and Singapore.

Q. How is that brought here, by what line?

A. Various lines; there are some direct steamers from the Straits Settlements, steamers returning from China or Japan calling there for cargo, and a great deal is transhipped via London, sent to London and sent over here on the Atlantic Transport Line.

Q. Where do the Welsh tin plate manufacturers get their pig tin?

A. Principally in the Straits, although they have some tin in Cornwall, about 5,000 tons a year.

Q. What is the normal price of pig tin in the Straits?

MR. DICKINSON: This testimony in regard to ores in these foreign countries, and the prices there, is objected to as irrelevant and incompetent, and without repeating the objection I will ask that it stand as a continuing one to this class of testimony.

THE WITNESS: It is difficult to state what a normal price for pig tin would be, because it is a highly speculative article and susceptible to cornering.

By MR. SEVERANCE:

Q. Under what arrangements do you get your pig tin?

A. We have our own men located at Singapore and Penang. They buy every day from the smelters and the Chinese who are engaged in that industry.

Q. Do you keep a stock of pig tin on hand?

A. Yes; we are the largest consumers of pig tin in the world.

Q. The largest in the world?

A. Yes, the largest single consumer.

Q. There are many tin plate manufacturers in the United States other than the American Sheet & Tin Plate Company, are there not?

A. Yes.

Q. There was a reference made in the testimony of one witness for the Government, Mr. Trench, to some sales of pig tin made by you representing the corporation, or the Steel Products Company, to other manufacturers at times. What are the facts with reference to those sales?

A. The speculators in London are either trying to corner tin for a rise or trying to bear tin, and very often the supplies of tin are contracted, and as a result there are violent fluctuations in the price. We always have large supplies of pig tin, and we have been asked—I will not say importuned—but we have been asked time and again by competitors of ours to let them have tin, and we have sold merchants tin; and as a matter of fact every time a corner is attempted we always give people all the tin they want at a cost of one-half of one per cent over and above our import cost of the tin. We do not make any profit on it, just one-half of one per cent covering the cost of foreign exchange.

Q. Are those the transactions Mr. Trench referred to, if you know? Have you dealt with him in those matters?

A. Yes.

Q. Are there any other sources of pig tin that are available to American manufacturers, excepts the Straits?

A. Yes, Australia, Tasmania and the Island of Banka, and Billiton, off the coast of Java; but the Java tin, and what is known as Banka tin are not available for use in making tin plate because of moisture, which causes explosions in the pot. Bolivia also produces 15,000 tons of tin per annum, which is not suitable for tin plate because of the arsenic in the tin.

Q. Since the formation of the Steel Corporation in 1901 have the costs of the subsidiaries been in any way increased or diminished by changes in the wages of the men?

A. They have, very materially. Since the formation of the Steel Corporation wages have increased 28½ per cent. Our wages have increased 28½ per cent.

Q. That is, the wages of your employes?

A. The wages of our employes. We are paying out $40,000,000 per annum more in wages to our employes than we were when the Corporation was formed in 1901.

Q. What are the total wages paid by the Corporation per annum?

A. Last year $168,000,000.

Q. Is that 1912, you mean, that amount?

A. 1911.

Q. Do you remember what it was in 1912?

A. About $180,000,000. I prepared a table of it.

Q. Have you a memorandum of it?

A. Yes.

MR. DICKINSON: Are you going to offer that? Will you put that in?

MR. SEVERANCE: I am going to in a minute.

By MR. SEVERANCE:

Q. Have you made up yourself a memorandum showing the number of employees, the total payroll and average wages for the year beginning 1902 and ending with 1912?

A. I prepared a memorandum from the Corporation's annual report.

Q. You prepared that yourself?

A. Yes.

Q. And you know that it is correct as shown by the Corporation's reports?

A. Yes.

MR. DICKINSON: Will you offer that now?

MR. SEVERANCE: I will just as soon as I have it identified. You will not object to that, as bearing on cost?

MR. DICKINSON: Oh, yes.

(The table was here temporarily marked, for identification purposes, "Defendant's Exhibit No. 45.")

MR. SEVERANCE: I think, so we will get it in convenient shape in the record, for further testimony, that I will ask Mr. Farrell to read that into the record. I would like Mr. Farrell to read the whole of that into the record.

MR. COLTON: Could he not hand it to the stenographer and have him copy it in?

MR. SEVERANCE: I would prefer to have him read it.

MR. DICKINSON: You are offering it now?

MR. SEVERANCE: I am asking him to read it. He said he made up this memorandum.

MR. DICKINSON: I want to get my objection in at the proper time, and I think this is the proper place. That is objected to as secondary evidence, irrelevant and incompetent.

THE WITNESS: (Reading)

UNITED STATES STEEL CORPORATION.

EMPLOYES AND PAYROLL.

Year ending December 31st	Number Employes	Total Pay Rolls	Average Yearly Wage
1902.....	168,127	$120,528,343	$716.88
1903.....	167,709	120,763,896	720.08
1904.....	147,343	99,778,276	677.18
1905.....	180,158	128,052,955	710.78
1906.....	202,457	147,765,540	729.86
1907.....	210,180	160,825,822	765.18
1908.....	165,211	120,510,829	729.44
1909.....	195,500	151,663,394	775.77
1910.....	218,435	174,955,139	800.95
1911.....	196,888	161,419,031	819.85
1912.....	221,025	189,351,602	856.70

The advance in wages effective February 1st, 1913, makes average wage for 1913 about $920.00.

(The table referred to was thereupon offered in evidence and marked "Defendants' Exhibit (Farrell) No. 45, May 13, 1913," and will be found in the volume of exhibits.)

Q. What percentage, Mr. Farrell, of the manufactured iron and steel products of this country for export is furnished by the Corporation?

A. Ninety per cent.

Q. I do not mean simply their classes of products, but of all articles in which iron and steel enter as a part of the production—not merely the similar classes to what you export.

A. Materials that are fabricated and exported?

Q. Yes; the total, if you remember. If you do not remember, never mind.

A. I do not recall. I can give you the value of the materials that we sell for such purposes.

Q. Yes; you have already done that. Do you happen to know what percentage of manufactures of iron and steel in Germany are exported?

MR. DICKINSON: That is excepted to as irrelevant and incompetent.

THE WITNESS: Sixty per cent.

By MR. SEVERANCE:

Q. And of England?

MR. DICKINSON: The same objection.

THE WITNESS: Of England, about sixty-five per cent.

By MR. SEVERANCE:

Q. Mr. Farrell, have you had prepared under your direction a statement of the total sales of the American Steel & Wire Company for the years 1900 and 1911, respectively, divided into certain of the classes of commodities?

A. I have.

Q. In what office was that prepared?

A. In the comptroller's office.

Q. In Mr. Filbert's office?

A. In Mr. Filbert's office.

Q. Have you examined this table since it was prepared?

A. I have.

Q. From your knowledge of the business of the Corporation and its subsidiaries, are you satisfied as to whether this is a correct statement?

A. I am.

Q. You think it is correct?

A. Yes.

MR. DICKINSON: I would like to ask him a few questions on that.

MR. SEVERANCE: Very well.

By MR. DICKINSON:

Q. Do you mean to say, Mr. Farrell, that you can look at any figures there and state from memory or knowledge that those figures are correct?

A. Pretty accurately, in the wire business, Judge.

Q. I am just asking if you can look at any figures here, for any particular time, and affirm, without looking at any records or refreshing your memory by any records, whether or not these figures are correct?

A. Pretty well.

Q. You say pretty well?

A. Yes.

Q. Are you sufficiently clear upon that to state that you can say, from your own knowledge, without verifying it by records, that these are correct?

A. I have examined the data and the statistics from which that statement was compiled. I have been identified with the wire business for nearly thirty-five years. I am familiar with the operations of the American Steel & Wire Company, the commodities they manufacture, the competition that they encounter, and I believe that I am in an intelligent position as to that statement and the figures contained in it.

Q. You say you examined the data. What do you mean by that?

A. The statistics from which that statement was compiled.

Q. You mean you went back and looked at the originals?

A. The percentage of values. I have those frequently.

Q. I know; but the particular ones from which these tables were made up. You examined them?

A. That was in composite form.

Q. Did you examine the original sources from which these figures came?

A. No. The figures were sent to us by the American Steel & Wire Company, and we went over them very carefully and prepared this composite statement.

Q. But those figures were made up from what?

A. From the records of the American Steel & Wire Company.

Q. Did you see those records?

A. I did not.

Q. You have not examined them?

A. No.

Q. So, when you say you have examined the data, you mean—

A. The data that was furnished by our subsidiary.

Q. That was sent on by the American Steel & Wire Company, and from that you formed your judgment?

A. Yes.

MR. DICKINSON: I except to that as showing very clearly that it is hearsay as to this witness.

MR. SEVERANCE: We can later put on a man who has kept the books, if we feel that it is necessary, but I would like to have the exhibit in now for use in examining Mr. Farrell. If we decide that it is necessary, we will furnish additional testimony.

MR. DICKINSON: Of course you can put it in.

By MR. SEVERANCE:

Q. I show you a statement which we intend to offer as Exhibit No. 46, and ask you if that is the table that you have just been interrogated about.

A. Yes, sir.

Q. You are satisfied of its correctness, from your knowledge of the business, are you?

A. I am.

Q. Mr. Farrell, I see by this exhibit, referring now to the first item, of bright and annealed wire, that that constituted 9.62 per cent of the selling value of the product of the American Steel & Wire Company in 1900 and 8.39 per cent in 1911. Will you state what other companies were engaged in manufacturing that quality of wire in 1900 in competition with the American Steel & Wire Company?

A. The Wright & Colton Wire Company, Worcester, Massachusetts; the Spencer Wire Company, Spencer, Massachusetts; John A. Roebling's Sons Company, Trenton, New Jersey; Wickwire Brothers, Cortland, New York; the Grand

Crossing Tack Company, Grand Crossing, Illinois; Dillon & Griswold Wire Company, Sterling, Illinois; the Crawfordsville Wire Company, Crawfordsville, Indiana; the Pacific Steel & Wire Company, San Francisco.

Q. Were there others?

A. Yes; I had a list prepared of all of them.

Q. You remember that many, do you, that were engaged in that branch of the business?

A. Yes.

Q. What percentage of the total business in that line, would you say, was done by the American Steel & Wire Company in 1900?

A. As to value?

Q. Yes.

A. About nine and—

Q. I do not mean the percentage of their output, but how much of the business of the country, as against all these other competitors?

A. A little over forty per cent.

MR. DICKINSON: Are you asking as to all kinds of wire, or just that particular one?

MR. SEVERANCE: I am asking about that bright and annealed wire, the first item in the list.

MR. DICKINSON: I just wanted to know. Did you understand it that way, Mr. Farrell?

THE WITNESS: Yes.

By MR. SEVERANCE:

Q. You understood what I was asking about?

A. Yes.

Q. What percentage of the business of the country would you say you were doing in 1911, in that line?

A. In 1911?

Q. In that particular line.

A. Not more than thirty per cent, in 1911.

Q. The next item there is "Galvanized, Tinned." What is that—"coppered and liquor finished?"

A. Yes.

Q. What were the names of your competitors in that line, so far as you can recall them?

A. The Spencer Wire Company, Spencer, Massachusetts; George A. Prentiss & Company, Holyoke, Massachusetts; John A. Roebling's Sons Company, Trenton, New Jersey; Dillon & Griswold Wire Company, Sterling, Illinois; the Pacific Steel & Wire Company, San Francisco, and others.

Q. About what percentage of the business of the country would you say was transacted—I am referring to domestic business, and excluding foreign business—in that line by the American Steel & Wire Company in 1900?

A. About 54 per cent.

Q. And in 1911?

A. About 42 per cent.

Q. I see the largest item on this list in 1900 and 1911 is wire nails. Did the American Steel & Wire Company have a large percentage of the business in that line in 1900?

A. Yes.

MR. DICKINSON: Is that standard wire nails to which you refer?

MR. SEVERANCE: Yes.

By MR. SEVERANCE:

Q. About how large was it?

A. About 60 per cent.

Q. How much had they in 1911?

A. About 42.

Q. And that business in 1900 constituted a trifle over 25 per cent of the total output of the American Steel & Wire Company?

A. That is right.

Q. And of that you had about 60 per cent, you say, of the domestic consumption?

A. Yes. And it constitutes 15 per cent at the present time.

MR. DICKINSON: What does he refer to now?

MR. SEVERANCE: It is 15 per cent of the total output. I understand, now. That is shown by the table.

By MR. SEVERANCE:

Q. What were the names of other nail manufacturers in 1900?

A. John Hassall, of Brooklyn; Igoe Brothers, Brooklyn; Philips, Townsend & Co. Philadelphia; Wickwire Brothers, Cortland, New York; C. C. & E. P. Townsend, New Brighton, Pennsylvania, and a large number of others. I have prepared a list of them there.

Q. I see in this list that the American Steel & Wire Company do not appear to have been manufacturers of furniture springs in 1900, but that they were in 1911. Was that spring being manufactured by other people in 1900?

A. It was manufactured by other companies.

Q. What percentage of the total business in furniture springs did the American Steel & Wire Company do in 1911?

A. Not more than 25 per cent.

Q. You gave certain testimony this morning with reference to wire rope and competitors in wire rope. I see that in 1900 you were manufacturers in a small way of wire cable. You do not seem to have been in 1911. Are there other manufacturers that are still making wire cable?

A. Yes; twelve or fifteen.

Q. And you have retired from that business entirely, have you?

A. To a large extent.

Q. You do not seem to have had any output in 1911?

A. No.

Q. Is that a substantial business in the country?

A. It is a decreasing business. We are utilizing the machinery to manufacture other lines that are more salable.

Q. I see that in 1901 you had a business of $719,000 in round wire, straightened and cut. You do not seem to have had any output of that in 1911. Were there other manufacturers of that product in 1900?

A. Yes.

Q. How many? A good many or a few?

A. Probably a dozen, ten or twelve.

Q. What percentage of the total business in that line did you do in 1900?

A. Comparatively a small percentage, because that was a business that was generally done by small manufacturers who bought wire in coils and straightened it for various market purposes.

Q. Will you give me an idea of what percentage of the total of the business of the country the American Steel & Wire Company did in 1900 in that line?

A. Perhaps 20 per cent, about the same as the shafting.

Q. And you have retired from that business now also, have you?

A. Pretty largely.

Q. I see you had no output in 1911.

A. No.

Q. In cold rolled wire, you do not seem to have been in that business in 1900, but were in 1911?

A. We commenced to manufacture cold rolled wire at Cleveland in 1904 or 1905.

Q. Were there other manufacturers in that business before you went into it?

A. Yes. A very large concern in New York, at 118th Street, and the Harlem River had practically all of that class of business, and subsequently built a plant at Phillipsdale, Rhode Island, with an open hearth furnace and rolling mills. They probably are the largest people in that business at the present time.

Q. Are there other manufacturers in that line?

A. There are other manufacturers.

Q. About what is your percentage of the output, or what was it in 1911?

A. About twenty per cent.

Q. You have increased it about twenty per cent?

A. Yes, sir.

Q. You seem to have made some tacks and nails, and wire tacks in 1900, and also in 1911. Who were your competitors in the tack business in 1900?

A. Principally the Atlas Tack Corporation, with plants in New England, Massachusetts; and a large concern in Cleveland, the Kirk-Latty Company, and the National Screw and Tack Company in Cleveland.

Q. What percentage of that business did you have, according to your best judgment, in 1900?

A. About ten per cent.

Q. And in 1911 about what per cent?

A. Pretty nearly twenty per cent.

Q. In the line of rivets and spikes, what competitors did you have in 1900?

A. A large number of competitors; the Plymouth Mills at Plymouth, Massachusetts; Blake & Johnson, Waterbury, Connecticut; the Newark Rivet Works, Newark, New Jersey; the Pittsburgh Rivet Company; the National Screw and Tack Company at Cleveland, Ohio; the Kirk-Latty Manufacturing Company, Cleveland, Ohio, and others.

Q. What percentage of that business did you have in 1900?

A. About two per cent.

Q. About two per cent?

A. Yes, a small business.

Q. And in 1911?

A. Not much more.

Q. Field fence, what other manufacturers of field fence were there in 1900?

A. Upwards of thirty or forty manufacturers of field fence.

Q. Can you name some of them?

A. Yes.

Q. Name as many as you recall.

A. The Dillon & Griswold Wire Company, Sterling, Illinois, the Kokomo Fence Company of Kokomo, Indiana, the Brown Wire Fence Company of Cleveland, and the Page Woven Wire Fence Company, Adrian, Michigan; the Lamb Wire Fence Company of Adrian, Michigan; the Anthony Wire Fence Company of Adrian, Michigan; the Page Woven Wire Fencing Company of Monessen, Pennsylvania, and Kitselman Brothers, Muncie, Indiana, and others.

Q. There are a good many more?

A. About forty or fifty.

Q. What percentage of that business did the American Steel & Wire Company have in 1900?

A. Not more than ten or twelve per cent. We were just commencing to manufacture woven wire fencing at that time. At the present time we are making 350,000 tons annually.

Q. What percentage of that do you have now, domestic business?

A. Thirty-five per cent.

Q. Another item here is poultry netting. Were there other manufacturers manufacturing poultry netting in 1900?

A. There was a very large concern, the Clinton Wire Cloth Company, of Clinton, Massachusetts; Gilbert & Bennett Manufacturing Company, Georgetown, Connecticut; and Wickwire Brothers, of Cortland, New York.

Q. What percentage of the business of the country in poultry netting did the American Steel & Wire Company have in 1900?

A. Four per cent, about; they made it at one mill out in De Kalb, Illinois.

Q. In 1911 about what percentage did you have of the domestic business?

A. About seven per cent.

Q. Galvanized polished staples; who were your competitors in 1900?

A. We had a number of competitors; the Plymouth Mills, Plymouth, Massachusetts; the Wright & Colton Wire Company, Worcester, Massachusetts; the John A. Roebling's Sons Company; the Hazard Manufacturing Company of Wilkes-Barre, Pennsylvania; and most of the fence manufacturers made staples, also.

Q. There were a great many of them?

A. Yes.

Q. About what percentage of that business did you have in 1900?

A. About thirty per cent.

Q. Of the domestic business of the country?

A. Of the domestic business of the country.

Q. Bale ties; who else were making bale ties in 1900?

A. H. P. and H. F. Wilson, New York City; John A. Roebling's Sons Company; W. C. Downey, Springfield, Ohio; the Laidlaw Bale Tie Company, Joliet, Illinois; the Dillon & Griswold Wire Company of Sterling, Illinois.

Q. Is that all or only a part of them?

A. And the Pacific Steel & Wire Company, and others; and the Colorado Fuel & Iron Company made some.

Q. About what percentage of the business of the country did the American Steel & Wire Company have in that line in 1900?

A. About thirty-five per cent.

Q. And in 1911?

A. About forty per cent.

Q. Wire hoops; what competitors did you have in wire hoops?

A. That is a development since the formation of the Corporation.

Q. There seems to have been a little business in 1900?

A. Experimental.

Q. Experimental?

A. Yes; these are electrically welded.

Q. Flats and shapes, flat wires; who were your competitors in 1900?

A. The Union Drawn Steel Company, Beaver Falls, Pennsylvania, the largest company in the country; the Fitzsimmons Company in Ohio, near Youngstown. There is a large list of them.

Q. What percentage of the business did the American Steel & Wire Company have in 1900 in flats and shapes?

A. About thirty per cent.

Q. I will ask you the same question about shafting; I have not asked you about shafting.

A. About twenty per cent of the business.

Q. Who were your competitors in shafting?

A. Our principal competitor was the Union Drawn Steel Company of Beaver Falls, Pennsylvania, and there were various large works throughout the country. Jones & Laughlin was one of the principal manufacturers of cold rolled shaftings.

Q. What was your percentage of the shafting business of the country, the domestic business, in 1911?

A. About 30 per cent; we make about 100,000 tons and other companies make about 340,000 tons. The largest manufacturer is Jones & Laughlin, making about 65,000 tons a year; The Union Drawn Steel Company, about 40,000 tons a year, and a number of other manufacturers; we make about 30 per cent of the tonnage.

Q. What was your percentage in 1911 of flats and shapes?

A. About 20 per cent of flats and shapes.

Q. Who were the biggest manufacturers of that in 1911?

A. The Union Drawn Steel Company, the Spencer Wire Company, Spencer, Massachusetts; the Superior Steel Company, Pittsburgh, and others.

Q. I notice on this exhibit there is quite an output of pig iron and steel ingots, billets and so forth. Is that sold by the American Steel & Wire Company or consumed by the American Steel & Wire Company

A. Consumed.

Q. It was made for their own use, was it?

A. Yes.

Q. And what proportion of their billets did they make?

A. About 35 per cent.

Q. From whom did they buy the others?

A. For their eastern mills from the Carnegie Steel Company, and for the western, Joliet and Waukegan, from the Illinois Steel Company.

Q. I see there was a business also in horse shoes and toe-caulks, a substantial business in 1900 and also in 1911; what percentage of the business of the country in horseshoes and toe-caulks did you have in 1909?

A. Sixteen per cent.

Q. And in 1911?

A. Not quite 17.

Q. Can you name any individual manufacturers of wire products that had a large output in certain lines that were competitors of yours? Of course I understand that this exhibit is not divided up into all the classes of wire goods. That is true, it it not?

A. That is true.

Q. Have you any idea about how many kinds of products are made by the wire company?

A. Nearly 11,000.

Q. Can you name some of the companies that have a large percentage in certain lines, and please state the lines.

A. The Hartshorne Manufacturing Company of Harrison, New Jersey, manufacture about 80 per cent of the wire for shade roller springs, about 3,000 tons a year, used in shade rollers.

Q. Is that a high priced product?

A. Yes; it is about $100 a ton, about 5 cents a pound; they manufacture about 80 per cent of the output or the product of the country; the George A. Prentice Company of Holyoke, Massachusetts, manufacture, and have since 1900, about 75 per cent of the output of book-binders' wire and stitching wire, which is a large business. The Spencer Wire Company at Spencer, Massachusetts, manufactures about fifty per cent of the fine weaving wires that are used by the manufacturers of screen cloth. The John A. Roebling's Sons Company are of course large manufacturers in all these lines of business.

Q. Didn't you speak, in connection with one of these items, of some concern here in New York?

A. Yes, the Washburn Wire Company.

Q. In what particular lines are they very strong?

A. They manufacture very largely wires for piano use. They have a large plant at 118th Street and the Harlem River, which has been there for about fifteen years, and since the formation of the Corporation they have built a very large plant at Phillipsdale, Rhode Island, and also steel works and rolling mills. They manufacture a large percentage of the piano wire or music wire that is used in this country.

Q. By a large percentage what do you mean; more than half?

A. Well, I should say about 60 per cent.

Q. Is that a good substantial business?

A. Well, it is estimated that there are over 200 manufacturers of pianos in New York alone; of course they are all over the country. It is quite a business and a considerable business. The material sells for between $800 and $1,000 a ton, 40 or 50 cents a pound.

Q. You spoke of a large number of products manufactured by the American Steel & Wire Company, wire products amounting to 11,000, something like that. Are there or are there not a great number of those products that are specialized in by competitors?

A. A very large number. Concerns like Wickwire Brothers, of Cortland, New York, manufacture wire for fly screen cloth; they are the largest manufacturers in the coun-

try; also a large concern at York, Pennsylvania, the York Wire Cloth Company, in the same business. They manufacture their own wire.

Q. Can you think of any others who specialize in certain lines?

A. Rope wire for the manufacture of rope, John A. Roebling's Sons Company, and the Hazard Manufacturing Company.

Q. Are there other wire companies that are interested in making wire for export besides the American Steel & Wire Company?

A. Intermittently; the Jones & Laughlin Company, the Pittsburgh Wire Company, and the Youngstown Sheet & Tube Company.

Q. Do you manufacture any special designs of wire products with reference to foreign business?

A. Entirely; our products are manufactured to suit the requirements of the various markets in which we do business.

Q. But you said that generally about the whole business.

A. Yes.

Q. I am asking you particularly about the American Steel & Wire Company. Are there a few or are there many products?

A. A large number.

Q. How are they designed by you or by your customers?

A. The suggestions come from the customers, and we adapt our product to suit their needs.

Q. For how many years, if at all, has the American Steel & Wire Company specialized on foreign products, products for export?

A. Some of the companies that went into the American Steel & Wire Company were doing a moderate business in exports on wire products. The Pittsburgh Wire Company was one concern, and the Iowa Barbed Wire Company at Allentown, was another.

Q. Since the American Steel & Wire Company was formed, or the Corporation, has the Steel & Wire Company specialized on many lines for foreign product?

A. Yes; they have developed a great many markets and are manufacturing a large line of products, exporting at the present time 360,000 tons a year, utilizing five mills entirely on foreign business.

Q. Could you give any estimate of the number of kinds of wire made to satisfy foreign markets?

A. Yes; at the Paris Exposition in 1900 I was connected with the preparation of the exhibit, and they showed in that exhibit 1,800 different kinds and styles and types of wire products at that exposition; and at the Buenos Ayres Exposition we showed several hundred.

Q. Were those classes of products that you showed at those two expositions products peculiarly designed for foreign markets?

A. Entirely so; we manufacture large tonnages of material that cannot be sold in this country at all. I would like to correct that by saying—I think I am correct—they were salable to a large extent in those markets, those 1800.

MR. DICKINSON: The question was, I think, whether 1800 were made for that market.

THE WITNESS: We manufacture about 11,000, and about 1800 were suitable for sale in foreign markets.

MR. LINDABURY: And some of them exclusively, you said?

THE WITNESS: Yes, entirely.

By MR. SEVERANCE:

Q. Are there a good many articles that are exclusively suitable for the foreign trade?

A. Yes, sir.

Q. Will you name some of them?

A. Varnished wire; that is not sold in this country; it is sold largely in Uruguay, Paraguay and Argentina, used in place of galvanized wire; special grades of fencing, heavily coated with spelter, sent to some of the tropical countries where there is a great deal of moisture. We manufacture a large variety of wire nails not used in this country at all, such as oval wire nails with various kinds of heads, known as rose heads and bung heads, sold in West Australia. These names originated in those countries.

Q. In the year 1900, the year before the Corporation was formed, how did the American Steel & Wire Company compare with other companies that went into the Steel Corporation; that is, the Carnegie and others, as to its percentage of output that went into the foreign market; was it larger or smaller? Not in tonnage, but percentage.

A. I should think it would be smaller.

Q. Smaller than the others?

A. Yes.

Q. Which ones were the largest, do you think?

A. The Pittsburgh Wire Company.

Q. I do not think you got my question.

A. I did not.

Q. The American Steel & Wire Company of New Jersey was in business in 1900, wasn't it?

A. It was. Oh, yes, I understand your question now; it was larger.

Q. It did a larger foreign business in proportion to its total production than any of the other companies that became subsidiaries of the Steel Corporation?

A. Yes.

Q. Is that what you meant to testify?

A. Yes.

Q. Which branches of these various classes shown on Exhibit 46 went most largely into the foreign market at that time, if you can tell?

A. Bright and annealed wire, galvanized, varnished, barbed wire, wire nails, standard and miscellaneous, staples, shafting, and galvanized strand.

Q. In giving these percentages that you gave, were you stating the comparative production or capacity of the mills?

A. Production.

Q. Comparative; that is, the production of the American Steel & Wire Company as compared with that of others?

A. Yes.

Q. Were there any importations of these products at that time?

A. Yes.

Q. From what source did they come?

A. Principally from England.

Q. What classes of goods?

A. Wire for making wire rope, wire for the textile industry, and wire for making drill steels, about 40,000 tor 50,000 tons a year.

Q. Taking the various plants that were owned by the American Steel & Wire Company, you were familiar with them at that time, were you not?

A. Yes.

Q. I mean just preceding the incorporation of the United States Steel Corporation.

A. Yes.

Q. Will you state briefly the principal markets that these different plants had, commencing in the East, Worcester, and going on?

A. The Washburn & Moen Manufacturing Company of Worcester manufactured wires largely for consumption in New England; that is, wires for purposes required by manufacturers of textile machinery, bolts, rivets, screws, and a dozen different purposes.

Q. Did they ship much of their product out of New England to the markets?

A. No, sir; except some to the Pacific Coast; they had a warehouse at San Francisco. That went by water.

Q. Did they have a market in the interior of the country to any extent; I mean from their Worcester plant, in competition with the mills in the interior of the country?

A. Not to any extent, unless on some high grade specialties that the other manufacturers didn't make.

Q. Would that be a large or a small percentage of the total output of the Worcester plant?

A. Small.

Q. Go ahead with the next plant.

A. The Allentown mill of the American Steel & Wire Company manufactured wire fencing principally for the market in New York State and eastern Pennsylvania and for export. The plant of the Cleveland Rolling Mill Company at Cleveland, Ohio, manufactured furniture spring wires, some shafting, mattress wires, tinned wires of various descriptions,

which were sold largely in the Buffalo and Cleveland markets, and to consumers throughout Ohio, eastern Illinois and Pennsylvania. The Oliver Wire Company of Pittsburgh manufactured wire fencing and wire nails, and sold principally in the South and Southwest, along the Ohio River, down the Mississippi; comparatively little in New England and the Eastern States.

The Pittsburgh Wire Company exported about half of their product, and the rest of the material was sold locally.

The American Wire Company of Cleveland manufactured weaving wires largely, and the H. P. Nail Works manufactured wire nails at Cleveland and sold throughout Michigan and Ohio and east as far as Buffalo and through the northern part of Pennsylvania.

The St. Louis Wire Mill Company manufactured material which was sold throughout the Southwest.

Q. You mean west of the Mississippi River?

A. West of the Mississippi River. The plants in Joliet sold their material throughout the Northwest and west of the Mississippi. That was the Baker Wire Company and other companies.

Q. The Washburn & Moen Company, in addition to their plant in Worcester, had one in Waukegan, did they not?

A. They built a plant at Waukegan.

Q. For what purpose?

A. For the manufacture of copper wire products, and wires of various descriptions.

Q. Where was their market?

A. Their product was marketed principally in Chicago, and it ran almost entirely for the manufacture of some specialties similar to those that they made at Worcester, which they sent to their San Francisco warehouse for sale on the Pacific Coast.

Q. When you speak of the manufacture of specialties, does that mean something that they had designed, different from things made by other manufacturers?

A. Differentiating between barbed wire, wire nails, plain fencing wire, and the coarser wire products. In the wire business a flat wire is called a specialty.

Q. It does not mean, then, that that is a commodity manufactured by one particular company, if you call it a specialty?

A. Not necessarily.

Q. Other companies might make the same thing, but they would specialize in it; and push the sale of it; is that what it means?

A. Yes.

Q. I do not know; I am trying to find out what that means.

A. Yes.

Q. Was there, then, any substantial competition between the original mills in the East and in the West that went into the Wire Company?

A. No. Their business was mostly contiguous to their operations.

Q. And did that continue to be the case up to the time the Corporation was formed?

A. Yes.

Q. Since that time what has been the policy with reference to supplying different markets from the different mills?

A. The same practice.

Q. Except that you have more mills on export now?

A. Yes; we have increased the capacity of some of our mills.

Q. Did the matter of freight rates have anything to do with the localizing of the trade of these various wire mills?

A. Yes.

Q. Where did the western mills get their raw material?

A. The mills in the Chicago district bought their billets from the Illinois Steel Company. Those in the Pittsburgh district bought them in Pittsburgh. Those in Cleveland bought them in Cleveland.

Q. And where did Worcester buy its billets?

A. They rolled their own material. They were largely engaged in the manufacture of charcoal iron, and imported large quantities of Swedish iron. Prior to the development of steel wires for the manufacture of screws and rivets, such articles were made almost entirely of charcoal iron, and the Washburn & Moen Manufacturing Company was very largely engaged in the manufacture of charcoal iron. They produced

the material. They had the charcoal fires or knobbling furnaces.

Q. They made their own iron?

A. They made their own iron from scrap, scrap and charcoal fuel.

Q. Then did they turn that iron into steel?

A. No, they sold it in the form of wire products made from the charcoal iron and Swedish iron.

Q. Is charcoal iron still being used for wires?

A. No.

Q. That has gone out?

A. That has entirely gone out.

Q. Wire is made altogether from steel; that is, for that purpose?

A. Open hearth steel has taken the place of and superseded the use of charcoal iron.

Q. Was the American Steel & Wire Company, at the time of the organization of the Corporation, a competitor of any of the other subsidiaries?

A. No.

Q. Mr. Farrell, previous to the organization of the Steel Corporation, did you have knowledge of the tube business?

A. Yes; generally speaking.

Q. Of the different kinds of tubes?

A. Yes.

Q. From what materials were tubes made—pipe and tubes?

A. Iron and steel.

Q. Were the iron and steel tubes sold and used for similar purposes?

A. Yes.

Q. Were they in the market competitive products?

A. Yes.

Q. For what purposes were iron pipes used for which steel pipes were also used?

A. For the conveyance of water, principally.

Q. Which had the largest use, iron pipes or steel pipes, for that purpose?

A. Iron.

Q. Were those pipes cast iron or wrought iron?

A. Both.

Q. From what class of pig iron are cast iron pipes made?

A. Cast iron pipes are made from foundry iron, and wrought iron pipes from forge iron.

Q. Neither of them are made from the class of iron that is used to manufacture steel?

A. No.

Q. At the time the National Tube Company was formed in 1899 were there any seamless tubes manufactured?

A. Yes.

Q. By whom were they made?

A. By the Shelby Tube Company and other companies.

Q. Did other concerns, after 1899, go into the seamless tube business?

A. Very considerably.

Q. Will you name some of them?

A. The Delaware Tube Company, at Auburn, Pennsylvania; the Detroit Seamless Tube Company; the Seamless Tube Company of America, at Pittsburgh; the Pittsburgh Tube Company.

Q. Do you know a concern called the Ohio Seamless Tube Company?

A. Yes.

Q. Was that another one?

A. Yes; the Ohio Seamless Tube Company, at Shelby, Ohio.

Q. Do you know a concern called the Pittsburgh Seamless Tube Company?

A. Yes.

Q. You did not mention that.

A. I said the Pittsburgh Tube Company. It is the same company—the Pittsburgh Seamless Tube Company, of Monessen, Pennsylvania.

Q. Is it Monessen or Beaver Falls?

A. Beaver Falls; it is the McCool process, at Beaver Falls.

Q. Do you know the Seamless Tube Company of America?

A. Yes.

Q. Where is that located?

A. At Pittsburgh.

Q. Do you know the Globe Seamless Steel Tube Company?

A. Yes.

Q. Where is that?

A. They are in Ohio.

Q. In Ohio or Milwaukee?

A. They moved to Milwaukee. They are at Milwaukee now.

Q. Do you recall the fact of the National Tube Company purchasing the Shelby Seamless Tube Company?

A. Yes.

Q. Do you remember when that was done?

A. Yes.

Q. Were you at that time in the employ of the Corporation?

A. Yes.

Q. Until that plant was purchased, did the National Tube Company have any seamless tube capacity?

A. No.

Q. Outside of the seamless tubes, what other concerns were there—I am confining my question, now, to the date of the organization of the Corporation—that were engaged in the manufacture of tubular goods in the country, outside of the National Tube Company, that you can remember?

A. The Reading Iron Company, of Reading, Pennsylvania; A. M. Byers & Company, Pittsburgh; Spang, Chalfant & Company, Pittsburgh; the Mark Manufacturing Company at Zanesville, Ohio, and Evanston, Illinois; the Monongahela Tube Company of Wilson, Pennsylvania; the Alabama Tube & Iron Company, of Helena, Alabama; Worth Brothers, of Coatesville, Pennsylvania; the Harrisburg Pipe & Pipe Bending Company, of Harrisburg, Pennsylvania, and others.

Q. Were there quite a number of different concerns?

A. Yes. The Danville Structural Tube Company, at Danville, Pennsylvania; the Tyler Tube & Iron Company, at Washington, Pennsylvania, manufacturing probably all the charcoal iron tubes that were made in the country.

Q. They were, then?

A. Yes. They had a large business in charcoal iron tubes.

Q. Was that charcoal iron tubing sold in competition with steel tubing?

A. It was, yes; for boiler tubing.

Q. And you say they manufactured it all?

A. Practically all of it.

Q. What other concerns were there that were manufacturing iron tubes, that were in competition with steel tubing?

A. I have just stated.

Q. Oh, those are all iron that you have named, are they?

A. Yes, those are all iron.

Q. Were there also concerns at that time manufacturing steel tubing?

A. Seamless tubing?

Q. No, not seamless—steel.

A. Steel tubing, yes.

Q. What were they?

A. The Spang, Chalfant Company; the Wheeling Steel & Iron Company, and others.

Q. What is the Harrisburg Pipe and Pipe Bending Company?

A. That is a large pipe manufactory at Harrisburg, Pennsylvania. They manufacture pipe that are used in steam coils. They practically do all of that business.

Q. They practically do all of that business?

A. Yes.

Q. Does the National Tube Company, or has it, manufactured the same quality of goods?

A. It has manufactured pipe of a similar quality, but they have not gone into the pipe bending business.

Q. So that the Harrisburg concern has the bulk of that business?

A. Yes.

Q. What is the La Belle Iron Works?

A. The La Belle Iron Works is a large self contained plant at Steubenville, Ohio, having blast furnaces, steel works, finishing mills, ore mines and railway facilities. It is an integrated proposition.

Q. Do the La Belle Iron Works manufacture tubes?

A. Yes.

Q. Steel or iron?

A. Steel.

Q. On a large scale?

A. Yes.

Q. How long have they been in the business?

A. They have been in business perhaps thirty years.

Q. Did they originally make iron tubes, before they made steel?

A. I am not certain as to that. I do not remember.

Q. They were in business long before the Corporation was formed?

A. Yes; it is a very old concern.

Q. Have they or not grown during the last ten years?

A. Very largely. They have grown very largely.

Q. Do you know the Conshohocken Tube Works?

A. Yes. The Longmead Iron Company at Conshohocken, Pennsylvania. They manufacture merchant pipe.

Q. Iron and steel?

A. Steel; and formerly iron.

Q. Do you know a concern called the Eastern Tube Company, of Zanesville?

A. Yes.

Q. Is that a large or a small concern?

A. It is a comparatively large concern.

Q. Do they make anything except tubing and pipe?

A. No.

Q. Do they make the same classes of pipe that are made by the National Tube Company?

A. Yes.

Q. What is the Monongahela Tube Company?

A. The Monongahela Tube Company is a company that manufactures iron tubes for boilers.

Q. Are they used in competition with the seamless and other boiler tubes?

A. They are in competition with the seamless and steel boiler tubes.

Q. Do you know a concern called the South Chester Tube Company?

A. Yes sir; South Chester, Pennsylvania.

Q. Were they in business in 1901?

A. Yes.

Q. What did they make?

A. Steel tubes, merchant pipe.

Q. You have heard of Worth Brothers?

A. Worth Brothers of Coatesville, Pennsylvania. They manufacture boiler tubes. They are one of the largest manufacturers of boiler tubes in the country, and have been for many years.

Q. Do they do what you call specialize in that?

A. They have blast furnaces and steel works, and they specialize in boiler plates and boiler tubes. They roll the widest boiler plates in the country.

Q. Where do they sell their boiler tubes?

A. To boiler makers throughout the country, and a good many to the Government for war vessels. They send a good many to Canada.

Q. What kind of boiler tubes are used on locomotives?

A. Steel. We manufacture a special tube for locomotives, known as the Spellerized tube. It is a tube that is worked in the furnaces, and the steel is kneaded in order to make it tougher. That tube is really sold in competition with our seamless tube. We are in competition with ourselves on that, with this special Spellerized tube, as against the seamless tube. The idea is that the Spellerized tube is cheaper because the process is less expensive than the cold drawing process in the seamless tube.

Q. Is anyone else making that particular kind of tube?

A. No. It is an invention of one of our superintendents.

Q. Is there a patent on it?

A. It is patented, yes.

Q. What are the other companies that are manufacturing tubes for locomotives and have for the last few years?

A. Worth Brothers at Coatesville; Spang, Chalfant & Company; the Wheeling Iron & Steel Company.

Q. They all manufacture boiler tubes for locomotives?

A. Yes.

Q. Where is their market?

A. Their markets are with the railroads more or less contiguous to their plants. There are also works at Cohoes, New York, manufacturing boiler tubes.

Q. You mean their market is with the railroads for repair work?

A. Yes; and they sell them to railroads that build their own locomotives, and they sell them to locomotive builders.

Q. To what locomotive builders?

A. Plants like the American Locomotive Plants at Schenectady and Dunkirk, New York, the Baldwin Locomotive Company at Philadelphia, and the others,—Porter in Pittsburgh.

Q. Which ones of these competitors of yours sell the Baldwin Locomotive Works, for instance?

A. Worth Brothers, largely.

Q. And which ones sell the American Locomotive Company?

A. The Cohoes Mill and Spang Chalfant and Byers.

Q. Do you also sell these two large concerns—the Baldwin and the American?

A. Very little. We sell most of our tubes to the railroads. We export a great many. We export over 100,000 tons of tubes a year. We sell the railroads all over the world boiler tubes.

Q. You mean you export over 100,000 tons of boiler tubes?

A. No; of pipe. Included in that is a large tonnage of boiler tubes.

Q. What percentage of the requirements of the Baldwin and American Locomotive Companies do your furnish?

A. Not more than 25 or 30 per cent, if as much.

Q. Has that been the case over a series of years?

A. Yes.

Q. Can you separate the two, the Baldwin and the American?

A. They are relatively the same. We furnish the Canadian Pacific Railway with all their locomtive boiler tubes; and also the Grand Trunk Railway and the Imperial Railway of Japan with all their locomotive boiler tubes. We furnish a great many to the Government for the battleships.

Q. How is the railway business distributed as between the National Tube Company and other companies?

A. The railroads generally buy from the mills that are located on the lines of their railways.

Q. That applies generally, does it?

A. Generally, yes.

Q. Does that apply to this tube business in the eastern territory?

A. Yes. If the New York Central Railway wanted a lot of tubes for their shops at West Albany, they would probably buy them in Cohoes. They would not buy them in Pittsburgh, and if the Baltimore & Ohio wanted tubes in Pittsburgh for their shops near Pittsburgh, they would probably buy them in Pittsburgh, and from the Mark Manufacturing Company at Zanesville, Ohio, and also the new plant at Evanston, Illinois. They are in a better position to secure business from the railroads entering Chicago territory than we are, with mills at McKeesport and Lorain. We have no tube mills in the west.

Q. You have none west of Lorain, Ohio.

A. No sir.

Q. You spoke of the Mark Company at Evanston?

A. Yes.

Q. Is there any other tube plant out in the Chicago District except that one?

A. No sir.

Q. Where do they sell their product?

A. To the railroads.

Q. In that region?

A. In that territory, yes.

Q. The railroads use these tubes in their repair shops, do they?

A. Yes; and in building new locomotives.

Q. Do some of them build locomotives themselves?

A. Oh, yes.

Q. The railroads build locomotives?

A. Nearly all of the railroads build locomotives. When they have some let up in business in their shops on repair work, they build new work. They build locomotive boilers and buy the rest of the parts. We do that ourselves, sometimes, with the Bessemer Railroad, in our Greenville shops. I have been in the shops and seen them building new locomotives. I have seen that at our larger plants and shops.

Q. Are there any tube mills at Birmingham?

A. Birmingham, Alabama?

Q. Yes.

A. No.

Q. There never have been any?

A. No, not to my knowledge.

Q. From what plant do you supply your trade in the South—Lorain or Pittsburgh, or indiscriminately?

A. Principally from our plant at Wheeling, West Virginia, the Riverside Works.

Q. And in that southern territory what competition do you meet? From what tube plants?

A. The competition of the plants in Pittsburgh, and at Wheeling also.

Q. The La Belle Iron Works at Wheeling?

A. Yes; at Steubenville, near Wheeling, and the Wheeling Iron & Steel Company at Wheeling.

Q. And they are in the southern territory competing with you, are they?

A. Yes.

Q. With what plants do you furnish what trade you get in the East?

A. The McKeesport plant.

Q. Near Pittsburgh; in the Pittsburg district?

A. Yes; about thirty miles.

Q. Where does the Youngstown Sheet & Tube Company dispose of its product?

A. The Youngstown Sheet & Tube Company disposes of its product in the central West; some of it in the East; and they do considerable business in Texas, shipping from Pittsburgh to New York, and from New York by water to Galveston.

Q. You mean from Youngstown to New York?

A. Yes.

Q. Is the Youngstown Sheet & Tube Company a large concern?

A. It is a very large concern. It has just declared a stock dividend of $10,000,000.

(Whereupon an adjournment was taken until tomorrow, Wednesday, May 14, 1913, at 10:30 o'clock a. m.)

FIFTY-FIFTH DAY.

Empire Building,
71 Broadway, New York City.

Wednesday, May 14, 1913.

Before Special Examiner Henry P. Brown.

Present on behalf of the United States, Mr. Dickinson and Mr. Colton.

Present on behalf of the Defendants, Mr. Lindabury, Mr. Severance, Mr. Bolling and Mr. Reed.

JAMES A. FARRELL

the witness under examination at the taking of the adjournment, resumed the stand.

DIRECT EXAMINATION (Continued)

MR. SEVERANCE: I now formally offer in evidence the statement referred to yesterday afternoon as Defendants' Exhibit 46.

MR. DICKINSON: The statement is objected to on the ground that it is incompetent and irrelevant, and secondary evidence; also that it embraces a period of time after the filing of the petition in this case, and further, that the witness has not been qualified to testify as to the accuracy of it.

(The statement referred to was offered in evidence and marked "Defendants' Exhibit, Farrell, No. 46," and will be found in the volume of exhibits.)

Q. Mr. Farrell, you testified yesterday that the American Steel & Wire Company was not, previous to its purchase by the United States Steel Corporation, in competition with any of the other subsidiaries. I call your attention to certain items appearing upon this Exhibit No. 46. In the year 1900, according to this exhibit, the American Steel & Wire Company produced for sale billets to the extent of 5,818 tons,

which was .29 of one per cent of their total business. Were those billets to that extent in competition with the billets sold by any of the other subsidiaries of the Corporation?

A. Not materially. They were special analysis billets produced by the Shoenberger Steel Company.

Q. And sold to whom?

A. Sold to manufacturers of drop forgings and other lines of product.

Q. That is, they were not the ordinary type?

A. They were not the ordinary re-rolling type billets.

Q. It also appears that they sold 6,146 tons of beams, angles and channels, amounting to .39 of one per cent of their output.

A. Those were rolled in the Cleveland Rolling Mill Company's plant in Cleveland, and were sold locally.

Q. Were those of a similar character to anything made by the Carnegie Steel Company?

A. Practically.

Q. And the Carnegie Steel Company could have sold them in the market?

A. Some of the sizes, but not all of them.

Q. You mean the Carnegie Steel Company did not make all of these sizes?

A. They were mostly lighter sections, rolled on a bar mill —what we call bar mill products, light angles and material of that kind.

Q. And those were not made by the Carnegie Steel Company?

A. Not to any great extent.

Q. It also appears that there were made 45,560 tons of plates and sheets, amounting to 3.31 per cent of the total output.

A. Those were tank plates, 10-gauge and lighter, rolled at the plant of the Shoenberger Steel Company. The Carnegie Steel Company did not roll plates or sheets as light as 10-gauge, and the product of the American Sheet Steel and Tin Plate Companies was very largely in gauges of 14, 16 and 18, and the bulk of it in 22 and 24-gauge. That product was largely in competition with other manufacturers.

Q. You mean manufacturers other than the Carnegie Steel Company or the American Sheet Steel and Tin Plate Companies?

A. Other than the Carnegie Steel Company; people like the Alan Wood Company at Conshohocken.

Q. As the numbers grow, does the size go down, or is it vice versa?

A. The larger the number, the lighter the gauge.

Q. It also appears that the American Steel & Wire Company manufactured that year 13,745 tons of bars, hoops and bands, amounting to .72 of one per cent of their output. What do you say about their being in competition?

A. That material was rolled at the plant of the Cleveland Rolling Mill Company. They also had a cold drawing department, and occasionally, when business was slack in the cold drawing department, they would sell some of those bars in the local market. I do not recall that any bands were sold in the market. I think those were products that went into their own cold rolling department. I am not certain as to whether they were sold in the market or not. I never heard of the Cleveland Rolling Mill Company or the American Steel & Wire Company selling bands.

Q. It also appears that they sold 5,916 tons of cotton ties, amounting to .58 per cent of their output. Were those manufactured by the other subsidiaries?

A. Those were made at the Cleveland Rolling Mill Company's plant.

Q. Who were the other manufacturers of cotton ties at that time?

A. The American Steel Hoop Company made cotton ties. They came into the Corporation, I think, in 1901.

Q. To that extent, that small traffic in ties, would you say that you would want to modify your answer that you made yesterday?

A. Yes; they were in competition to that extent, which would be small.

Q. Will you kindly look at Exhibit No. 46 and see if there are any others of those items that were made by any of the other subsidiaries?

A. (After examining exhibit.) No; there are no others.

Q. And, as far as this item of bars, hoops and bands is concerned, what was it you said you thought they did not sell in the market—which one?

A. Bands.

Q. Do you know whether they sold bars?

A. They sold some locally in Cleveland.

Q. But as to what proportion of this .72 of one per cent was bars, you do not know?

A. No.

Q. Mr. Farrell, at the time of the organization of the Steel Corporation, what percentage of the steel pipe and tubular capacity of the country was in the National Tube Company?

A. Fifty six per cent.

Q. And that would leave 44 per cent with the outside companies?

A. Yes.

Q. And in 1912, what was it?

A. Thirty-seven.

Q. Thirty-seven per cent; and how much on the outside?

A. Sixty-three.

Q. In addition to steel pipe, is there any other commodity made from iron or steel that is sold in competition in the market?

A. Cast iron pipe.

Q. Is that a large or a small production?

A. Large. There is a capacity in the country of 1,600,000 tons and about 1,000,000 tons was produced last year and sold.

Q. Taking into account the competition of the cast iron pipe as against the steel pipe, what percentage of the business of the country is done by the National Tube Company in tubular goods?

A. Twenty-three per cent.

Q. For what purposes are these two classes of pipe used; that is, the cast iron and steel pipe, interchangeably?

A. Largely for the conveyance of gas, water and oil.

Q. Is there any wrought iron pipe used?

A. A large quantity.

Q. And is that sold in competition with cast iron and steel pipe?

A. Yes, sir.

Q. Are you able to give any estimate as to the percentage of the business of the country that is covered by the wrought iron production?

A. Approximately twenty per cent; wrought iron, not cast.

Q. Do you mean then that the 23 per cent—did you intend that answer to apply to competition on both wrought and cast iron?

A. Yes.

Q. I did not put my question right.

A. I interpreted it that way.

Q. Then you treat wrought and cast iron together, do you?

A. Yes.

Q. Then you can correct that answer, for the way I put it was with reference to cast iron. You intend to say that considering the cast iron pipe and wrought iron pipe and steel pipe, taking them all together, the National Tube Company has about 23 per cent. of the business of the country?

A. Twenty-three per cent.

Q. Now, was the National Tube Company at the time of the organization of the United States Steel Corporation in competition with any other subsidiaries of the Corporation?

A. They made some light sheets at the Republic Works in Pittsburgh.

Q. Was that a large or small tonnage?

A. A small tonnage, about 25 or 30 tons a day.

Q. Twenty-five or thirty tons a day?

A. Yes.

Q. Was that tonnage sufficient to have any appreciable effect upon the sheet market?

A. No.

Q. Was that the only product that they made that was competitive with any of the other subsidiaries?

A. Yes.

Q. Is there any foreign seamless tube shipped into this country?

A. Yes.

Q. And has there been for a number of years?

A. Yes, occasionally; just now larger perhaps than usual. There is one order for 6,000 tons of seamless being delivered on the Pacific Coast by the firm of Thyssen & Company, at Mulheim, Germany.

Q. What other firms of foreign manufacturers of tubing ship to this country?

A. Firms in Scotland that manufacture for cylinders for oxygen and other purposes; it is quite a large business.

Q. Do you know of the firm of Mannesmann?

A. Yes.

Q. Where is their plant?

A. They manufacture seamless tubes; they have a very large plant in Germany and one in England and one in Austria; they are building a plant in Canada, and they are about to build a large plant in this country, in the United States. They control patents on seamless tubes; they are pioneers in that business.

Q. How do they compare with other manufacturers of seamless tubes in the world, as to size?

A. They are the largest in Europe.

Q. And have they shipped goods into the United States?

A. At times.

Q. Which coast?

A. All over; I think they maintain an agency here in this country, in New York.

Q. Are there any other tubular manufacturers who ship to this country that you now recall?

A. There have been some small shipments from Canada, not very much; there are three large tube works in Canada, one at Guelph and two in Montreal.

Q. Into what part of the country have they shipped?

A. Mostly Northern New York and northern New England. The freights are low. It is a matter of freights.

Q. Is there a duty on tubes?

A. Yes.

Q. How much is it, if you remember?

A. It is a cent a pound.

Q. Does that cover both seamless and the other type?

A. No.

Q. It does not cover seamless tubes?

A. The duty on seamless tubes is higher.

Q. That is the duty on ordinary tubes?

A. Yes.

Q. What is the duty on seamless tubes?

A. Thirty per cent ad valorem duty.

Q. I call your attention to the American Sheet & Tin Plate Company. Was that originally two companies?

A. Yes.

Q. What were they called?

A. The American Tin Plate Company organized, I believe, in 1898, and the American Sheet Steel Company organized in 1899.

Q. Have they been consolidated since they were purchased by the Steel Corporation?

A. Yes.

Q. Mr. Farrell, have you had prepared a comparative statement of the production of tin plate by the United States Steel Corporation and all other manufacturers in the United States in 1901 and in 1911, including the export tonnage in 1911 and the imports in both years?

A. Yes.

Q. That was made up under your direction?

A. Yes.

Q. From your knowledge of the tin plate business, what would you say as to whether that is substantially a correct statement?

A. I should say that it is.

(Here the paper shown to the witness was temporarily marked, for identification purposes, "Defendants' Exhibit No. 47.")

Q. In what office was this prepared, in the comptroller's office, the comptroller of the Steel Corporation?

A. Yes, Mr. Filbert's office.

MR. SEVERANCE: I offer this exhibit in evidence.

MR. DICKINSON: That is excepted to on the ground that it is secondary testimony; the witness has not shown that he

himself compiled it from original sources; on the ground that it is irrelevant and incompetent, and on the further ground that it runs to a period after the filing of the petition.

MR. COLTON: Our statement does not show what is 1911 and what is 1901; maybe your table does.

MR. SEVERANCE: Oh, yes, it does; the second page. It consists of two pages, the first page 1901, and the second page 1911. Your objection that it covers a period subsequent to the filing of the bill relates to the fact that it covers the period on from the 1st of October, 1911?

MR. DICKINSON: That period, yes.

(The statement referred to was thereupon marked "Defendants' Exhibit, Farrell, No. 47, May 14, 1913," and will be found in the volume of exhibits).

By MR. SEVERANCE:

Q. Look at the page that has the 1911 business. I see that there is an exportation of 62,307 tons of tin plate.

A. Yes.

Q. By the Steel Corporation, and none exported by any one else.

A. No.

Q. The other manufacturers are all engaged in the domestic trade, are they?

A. Yes.

Q. To what countries do you export that tin plate?

A. Principally Canada, Mexico, Cuba, and some to South America; a large bulk of it to Canada.

Q. In competition with what countries are you selling tin plate?

A. Great Britain.

Q. Is there any duty on tin plate imposed by the Dominion of Canada?

A. No; there is none manufactured in Canada.

Q. No manufacture of tin plate?

A. No.

Q. Well, there is no way that the English manufacturers can have any preference on getting into Canada?

A. No.

Q. You can meet them, so far as duty is concerned, on the level?

A. Yes.

Q. Is there any duty on tin plate in Mexico?

A. Yes.

Q. Is there any tin plate manufactured in Mexico?

A. No. There is a plant building there now.

Q. You say there is a duty on tin plate in Mexico?

A. Yes.

Q. But is that duty applied uniformly to England and America?

A. Yes; it is a revenue duty.

Q. How does your tin plate that you sell in Mexico move to that country, by boat?

A. From New York to Vera Cruz by Tampico.

Q. In the countries in South America and in Cuba how is it?

A. By boat.

Q. I was going to ask whether there is any duty imposed on tin plate in those countries.

A. There is a slight preferential in Cuba in favor of the United States.

Q. And in the South American countries is there a duty?

A. The duties are alike to all countries.

Q. They are applied uniformly?

A. Yes.

Q. What is the amount of that preferential duty that we have in Cuba?

A. Twenty per cent.

Q. Can you state from recollection the names of some of the manufacturers of tin plate in this country who were doing business in competition with the American Tin Plate Company in 1901?

A. I had a list of that prepared. I cannot state them offhand.

Q. This list embodies a lot of memoranda that would not be proper evidence.

A. I can pick them out.

Q. I do not know whether counsel would agree to have you use this list in the shape in which it is.

MR. DICKINSON: No. Your question was as to whether he could repeat them from memory.

By MR. SEVERANCE:

Q. If you do not recall them without reference to the list, I will not press the question at this time, Mr. Farrell.

In what parts of the United States are the tin plate plants?

A. In the central West; Pittsburgh, Wheeling, in Ohio and Indiana, and largely in western Pennsylvania.

Q. Are there any tin plate plants in the country west of the Mississippi River?

A. No.

Q. Are there any tin plate plants at Chicago?

A. There is one, I think, at Joliet.

Q. Are there any west of Chicago?

A. No.

Q. Then that product is all produced in the territory between Chicago and Pennsylvania points?

A. With the exception of a plant at Cumberland, Maryland.

Q. That is East, of course?

A. Yes.

Q. Are there any plants in New York?

A. There is a dipping plant in Brooklyn.

Q. Are there any plants in New England?

A. No.

Q. So that the production in this country, then, is embraced in the territory from the seaboard to Chicago and north of Virginia?

A. Yes.

Q. And the shipments are made to all parts of the country from those plants?

A. Yes.

Q. Then is there any special advantage possessed by one plant over another; that is, between your companies and the competitive companies, in the way of freight rates?

A. No.

Q. Where are the tin plate plants of the American Sheet & Tin Plate Company located?

A. They are located at Monessen, Pennsylvania; Demmler, Pennsylvania; Pittsburgh, Pennsylvania; Martins Ferry, Ohio, and Ellwood, Indiana, and there is a large plant at New Castle and at Sharon. The largest plant is at New Castle, Pennsylvania, and they have a 29-mill plant at Sharon, Pennsylvania, and two plants at New Kensington, Pennsylvania.

Q. Have the Corporation built any new tin plate plants?

A. Yes. We have built additions to plants, and rehabilitated some of the older plants.

Q. And you have moved some tin mills from one place to another?

A. Yes. There has been some concentration of capacity.

Q. Have those changes in the way of moving from one place to another, or enlargements, been made in the interest of economy of production, or for what reason?

A. For economic reasons, in the interest of lower cost of production.

Q. How about the competitors of the Corporation, as they were in 1911; were they large plants, some of them, or were they moderate sized plants?

A. They were large plants; Jones & Laughlin, the Phillips Tin Plate Company, of Wierton, West Virginia; the McKeesport Tin Plate Company, of McKeesport, Pennsylvania.

At the present time the American Sheet & Tin Plate Company have about, I should say, 56 per cent of the capacity in tin plates.

Q. That is, the production in 1911, as shown by this exhibit, reported by the American Iron & Steel Association, was 60.7. That is production. And you think now it is—

A. Fifty-six.

Q. Do you mean 56 production or 56 capacity?

A. Production, I mean.

Q. That is that the others have increased in the last year or year and a half?

A. Very much so, yes; very large plants have been built up.

Q. Mr. Farrell, with reference to the American Steel Hoop Company, were you familiar with that company in the old days, before it came into the Corporation?

A. Yes.

Q. Where were their plants located?

A. Largely in Youngstown. There was a blast furnace at West Middlesex, Pennsylvania, and a furnace called the Isabella Furnace, in Pittsburgh; one mill at Girard, Ohio, one at Warren, Ohio, one at Youngstown, Ohio, the Lindsay-McCutcheon Company at Allegheny, Pennsylvania, William Clark & Sons, Pittsburgh, J. Painter & Sons, Pittsburgh.

Q. Have there been any enlargements or increases of the capacity of the American Steel Hoop Company since the formation of the Corporation?

A. The American Steel Hoop Company is operated by the Carnegie Steel Company.

Q. I understand; but have those plants been enlarged or changed?

A. They have been practically rebuilt. In fact, I do not suppose the former owners would be able to recognize them.

Q. For what purposes have they been rebuilt?

A. For the purpose of increasing their efficiency, making a larger and more diversified product.

Q. When did the work of making over these plants begin; several years ago, or has it been continuous?

A. It has been a steady, systematic operation, since the formation of the Corporation.

Q. Have there been any improvements in the science of making this particular type of product?

A. Yes; through the use of what are called continuous rolling mills.

Q. Explain what they are?

A. In the old days the hoop was rolled on a mill that was unable to take metal more than twenty or thirty feet long. Today we can roll continuously, and make a bundle weighing 100 or 150 pounds.

Q. Has the work of making over the mills, so as to make possible the manufacture of that type of product been expensive, or has it been an inexpensive one?

A. Very expensive.

Q. Are there other manufacturers in the country, and were there in 1910 and 1911, making that same product?

A. Yes.

Q. Who were they?

A. The Sharon Steel Hoop Company, of Sharon, Pennsylvania, and several other companies.

Q. For what purposes is this type of metal used, that is, hoops rolled as you have stated?

A. That is, the continuous?

Q. Yes.

A. Principally for cold rolling into strips and bright steels for working up into various forms, window sash and all that sort of thing.

Q. Do Jones & Laughlin make hoops?

A. Yes, they have always made hoops and bands.

Q. How about the Republic Iron & Steel Company?

A. The Republic Iron & Steel Company and also the Cambria Steel Company.

Q. Are there any plants in the West that make hoops?

A. There is a plant building at Alton, Illinois; there is a large plant building there now.

Q. Building by whom?

A. By a man named Clark, of Pittsburgh, and a man named Hastings.

Q. Are they in any way connected with the Steel Corporation?

A. No.

Q. Has the Steel Corporation any hoop plant in the West?

A. No.

Q. Has the production of outside competitors, outside of the Corporation, in this particular product increased or diminished since the organization of the Corporation?

A. Increased very considerably; a large plant has been built at Monessen by the Pittsburgh Steel Company; the Sharon Steel Hoop Company have increased their facilities; the Atlanta Steel Hoop Company, who were in existence about the time of the organization of the Corporation, have increased their facilities, and a plant has been built at Helena, Alabama, by the Conners-Weyman Company.

Q. What class of product do they make?

A. Hoop mill products, hoops of various kinds and types.

Q. Just explain what they are.

A. Hoops for slack barrels and barrels of any kind.

Q. Where do these plants in the South get their raw material?

A. The Atlanta Steel Hoop Company and the Conners-Weyman Company both get their material from the Tennessee Coal & Iron Company, and occasionally from a concern now known as the Standard Steel Company, formerly known as the Southern Iron & Steel Company.

Q. That is, they buy their raw material in the South, near their plants?

A. Yes.

Q. Where is their market?

A. In the South.

Q. Where does the Pittsburgh Steel Company get its raw material?

A. It produces it.

Q. Jones & Laughlin?

A. They produce theirs.

Q. And the Cambria Steel Company?

A. They produce theirs.

Q. And the Republic Iron & Steel Company?

A. They produce theirs.

Q. Do you know of a plant at West Leechburg?

A. Yes.

Q. Whose plant is that?

A. It is a plant called the West Penn Steel Company.

Q. Where is Leechburg?

A. It is in the Kiskiminetis Valley, about thirty miles north of Pittsburgh.

Q. Is that a plant of some size?

A. Yes; they have open hearth furnaces. They sell some billets, and they are large producers of special grades of sheets, for electrical purposes.

Q. And they make hoops?

A. They make hoops.

Q. Have you in mind an approximation of the business of the country that is done by the Steel Corporation plants?

A. Not accurately.

Q. Is the competition they meet with active and energetic?

A. Very substantial and lively competition.

Q. How long has that existed?

A. For a period of twelve or fifteen years.

Q. Ever since the Corporation was organized?

A. Yes.

Q. I want to ask you some questions about the American Bridge Company. I call your attention to Defendants' Exhibits Nos. 4, 5, 6, 7, 8, 9, 10 and 11, which were introduced in evidence as part of the cross examination of the witness Roberts on the 24th of May, 1912, which purport to contain a statement of the competitors of the American Bridge Company at different dates. I will not ask you to go through all of this, but I would like you, if you will, to read off the names of the ones that you know of from your own experience in the business, from Exhibit 11, which purports to give a list of the competitors of the American Bridge Company as of May 15, 1911, which is the last date before the institution of this suit. Please state how and where you met these different ones in competition.

A. You want me to read the ones I know?

Q. The ones you personally know about, the ones in that list that you personally knew of as competitors of the Corporation as of May 15, 1911, and so far as you can recall, the class of business they were doing.

A. Aherns Iron Works Company, Cincinnati, Ohio, building construction.

Alexander Iron Works, Washington, D. C., building construction.

Archbold Brady Company, Syracuse, New York, highway bridges.

Attica Bridge & Machine Company, Attica, Indiana, highway bridges.

Baker Iron Works, Los Angeles, California, buildings.

Banner Iron Works, St. Louis, Missouri, small bridges and viaducts.

Barber & Ross, Washington, D. C., buildings.

Bellefontaine Bridge Company, Bellefontaine, Ohio, bridges.

Belmont Iron Works, Philadelphia and Eddystone, Pennsylvania, buildings and bridges.

Bethlehem Steel Company, Bethlehem, Pennsylvania, buildings.

Bogart & Carlough, Paterson, New Jersey, structural and highway bridges.

Bollinger-Andrews Company, Pittsburgh, Pennsylvania, buildings.

A. Bolter & Sons, Chicago, Illinois, buildings.

Boston Bridge Works, Cambridge, Massachusetts, buildings.

Q. You are distinguishing between buildings and bridges?

A. I am distinguishing between buildings and bridges, and the types and classes of bridges.

T. H. Brooke & Company, Cleveland, Ohio, buildings.

Brown-Ketchum Iron Works, Indianapolis, Indiana, and Greensburg, Pennsylvania, buildings.

Buffalo Structural Steel Company, Buffalo, New York, buildings.

Cambria Steel Company, Johnstown, Pennsylvania, buildings and bridges.

Canton Bridge Company, Canton, Ohio, buildings and highway bridges.

Central States Bridge Company, Indianapolis, Indiana, highway bridges.

Champion Iron Company, Kenton, Ohio, small buildings.

Chelmsford Foundry Company, Cambridge, Massachusetts, ornamental iron work.

Chicago Bridge & Iron Company, Chicago, Illinois, railroad bridges.

Clarke & Stowe, New York City, small buildings.

Clinton Bridge & Iron Works, Clinton, Iowa, buildings.

Clyde Iron Works, Duluth, Minnesota, buildings.

Converse Bridge Company, Chattanooga, Tennessee, small buildings and highway bridges.

J. B. & J. M. Cornell, New York City, buildings.

Crown Iron Works, Minneapolis, Minnesota, light structural work and ornamental iron work.

Dearborn Foundry Company, Chicago, Illinois, small buildings.

Des Moines Bridge & Iron Company, Des Moines, Iowa, railroad bridges; also a plant at Pittsburg, Pennsylvania, building work.

Detroit Bridge & Iron Company (Detroit Bridge & Structural Works), Detroit, Michigan, railway bridges.

Dietrich Brothers, Baltimore, Maryland, buildings.

Dover Boiler Works, Dover, New Jersey, buildings and highway bridges.

Dyer Brothers, San Francisco, buildings.

Eagle Iron Works, Brooklyn, New York, small buildings and ornamental iron work.

Eastern Bridge & Structural Company, Worcester, Massachusetts, small bridges and ornamental iron work.

Eastern Steel Company, Pottsville, Pennsylvania, buildings and highway bridges.

John Eichleay, Jr. & Company, Pittsburgh, Pennsylvania, small buildings.

Elkhart Bridge Company, Elkhart, Indiana, bridges.

C. F. Ernst's Sons, Buffalo, New York, small buildings.

Fagan Iron Works, Hoboken, New Jersey, buildings.

Fletcher & Crowell, Portland, Maine, buildings.

Forest City Steel & Iron Company, Cleveland, Ohio, small buildings and highway bridges.

Fort Pitt Bridge Company, Cannonsburg, Pa., elevated structures, buildings and bridge work.

Q. Is that a suburb of Pittsburgh?

A. Yes; it is close.

Gage Structural Steel Works, Chicago, Illinois, small buildings and ornamental iron work.

Goeller Iron Works, Newark, New Jersey. That is spelled wrong in this book.

Q. How should it be spelled?

A. Gueller.

Q. And it is spelled here Goeller?

A. Yes; Gueller Iron Works, Newark, New Jersey, small buildings.

Grainger & Company, Louisville, Kentucky, buildings.

Groton Bridge Company, Groton, New York, highway bridges.

Guerber Engineering Company, Bethlehem, Pennsylvania, conveying plants, for conveying coal and various conveying. It is down here as "structural", but they specialize in that class of work.

Hansel-Elcock Company, Chicago, Illinois, buildings.

Hay Foundry & Iron Works, Newark, New Jersey, buildings.

Hedden Iron Construction Company, Newark, small buildings.

Herzog Iron Works, St. Paul, Minnesota, small buildings.

Heyl & Patterson, Pittsburgh, Pennsylvania, conveying apparatus and structural.

Hinkle Iron Company, New York City, buildings.

Hofius Steel Equipment Company, Seattle, Washington, small buildings.

Holmes, Pyott & Company, Chicago, Illinois, buildings.

Houston Structural Steel Company, Houston, Texas, buildings.

Q. Did you mention the Horn Structural Iron Works?

A. I know of them, but do not know much about them. I have heard that they were in business, but you asked me the names of those that I had come in contact with.

Horseheads Construction Company, Horseheads, New York, ornamental iron work.

Hudson Structural Steel Company, New York City, small buildings.

Illinois Bridge & Iron Company, Sullivan, Illinois, highway bridges.

Illinois Steel Bridge Company, Jacksonville, Illinois, light bridges.

Q. That next one, the Illinois Steel Company, is a subsidiary of the Corporation?

A. Yes.

Independent Bridge Company, Pittsburgh, Pennsylvania, highway bridges.

Indiana Bridge Company, Muncie, Indiana, buildings and bridges.

Irving Iron Works, Long Island City, buildings and ornamental iron work.

G. W. Jackson, Inc., Chicago, Illinois, buildings.

Q. What do they make?

A. Buildings and small highway bridges, not much.

Joliet Bridge & Iron Company, Joliet, Illinois, buildings and bridges.

Judson Manufacturing Company, San Francisco, California, buildings.

Q. Did you intend to skip Jones & Laughlin? You mentioned Joliet and then Judson.

A. Yes, Jones & Laughlin Steel Company, Pittsburgh, buildings and bridges.

Kansas City Structural Steel Company, Argentine, Kansas, buildings.

George Kellogg Structural Steel Company, Buffalo, New York, small buildings.

Kenwood Bridge Company, Chicago, buildings and railway bridges.

Keystone Structural Company, Philadelphia, buildings and highway bridges.

King Bridge Company, Cleveland, Ohio, buildings and bridges.

W. H. Kratzer & Company, Pittsburgh, Pennsylvania, buildings.

George E. King Bridge Company, Des Moines, Iowa, highway bridges.

Lackawanna Bridge Company, Buffalo, New York, buildings and bridges.

Lane Bridge Company, Painted Post, New York, small buildings and bridge work.

Lauer & Harpey, Baltimore, Maryland, buildings and bridges.

Lehigh Valley Structural Steel Company, Allentown, Pennsylvania, buildings and bridges.

Lenox Iron Works, New York City, small buildings and ornamental iron work.

Levering & Garrigues, New York City, buildings.

H. B. Lewis & Company, Detroit, Michigan, buildings.

Liberty Iron Works, New York City, small buildings.

Llewellyn Iron Works, Los Angeles, California, buildings.

Louisville Bridge & Iron Company, Louisville, Kentucky, railroad bridges and structural steel work.

Louisiana Bridge Company, New Orleans, buildings and ornamental iron work.

A. Lucas & Sons, Peoria, Illinois, small buildings.

Lukens Iron & Steel Company, New Orleans, Louisiana, small buildings. It is a branch of the Coatesville concern.

LaFayette Engineering Company, LaFayette, Indiana, buildings.

William E. Lyon Iron Company, New York City, buildings and ornamental iron work.

Massillon Bridge & Structural Company, Massillon, Ohio, railroad bridges and highway bridges.

McClintic-Marshall Construction Company, at Pittsburgh, Carnegie and Pottstown, buildings, railroad bridges and highway bridges.

Q. Don't they do any other kinds of work?

A. Also they are building the lock gates for the Panama Canal. They are very large builders. I think some of the domiciles of these concerns are not correct.

Q. Well, correct them, if you know the concern; state where they are.

A. At Rankin.

Q. Carnegie should be Rankin?

A. Unless they have moved within a year. Their plant was originally there. They may have moved to Carnegie, Pennsylvania.

McDougall & Potter, New York City, buildings.

McMyler Interstate Company, Bedford, Ohio, coal handling machinery. They have it down here "structural steel."

Megquier & Jones, Portland, Maine, buildings.

Q. Did you mention McMurray & Brother?

A. No, I did not. I know them very well—Brooklyn, New York, buildings.

Memphis Bridge Company, Memphis, Tennessee, small buildings and highway bridges.

Metropolitan Bridge Company, Jersey City, New Jersey, buildings.

Milliken Brothers, Staten Island, New York, buildings and bridges.

Milwaukee Bridge Company, Milwaukee, Wisconsin, railway bridges and highway bridges.

Minneapolis Steel & Machinery Company, Minneapolis, Minnesota, railroad bridges, buildings and highway bridges.

Missouri Bridge & Iron Company, St. Louis, Missouri, small buildings.

Modern Structural Steel Company, Waukesha, Wisconsin, railroad bridges, buildings and highway bridges.

Montour Steel Company, Montour Falls, New York, small buildings and highway bridges.

Morava Construction Company, Chicago, Illinois, buildings.

Mortensen Construction Company, San Francisco, California, small buildings.

Mosher Manufacturing Company, Dallas, Texas, small buildings.

Mt. Vernon Bridge Company, Mt. Vernon, Ohio, buildings, railway bridges and highway bridges.

National Bridge Works, Long Island City, buildings.

National Iron Works, Duluth; also plant at Spokane, Washington, small buildings.

Q. Is that the same company, at Duluth and Spokane?

A. I think they have a works out there.

Q. It is the same company? It is not two companies with the same name?

A. I think so.

The National Wire & Iron Company, Cleveland, Ohio, buildings.

New England Structural Steel Company, railroad bridges, buildings and highway bridges.

Noelke-Richards Iron Works, Indianapolis, Indiana, buildings.

Northwest Foundry Company, Minneapolis, Minnesota, buildings and highway bridges.

Northwestern Steel Company, Portland, Oregon, structural and highway bridges and buildings.

Alfred Norton Company, Boonton, New Jersey, buildings.

Omaha Structural Steel Works, Omaha, Nebraska, buildings and highway bridges.

Ottumwa Bridge & Iron Company, Ottumwa, Iowa, buildings, highway and railroad bridges.

Owego Bridge Company, Owego, New York, highway bridges.

Pacific Iron Works, Portland, Oregon, buildings and highway bridges.

Pacific Rolling Mill Company, San Francisco, buildings.

Pan-American Bridge Company, Newcastle, Indiana, buildings and bridges.

Passaic Steel Company, Paterson, New Jersey, railroad bridges, buildings and highway bridges.

Paxton & Vierling Iron Works, Omaha, Nebraska, buildings.

Penn Bridge Company, Beaver Falls, Pennsylvania, buildings, railway and highway bridges.

Penn Bridge Company, Claysville, Pennsylvania, buildings.

Pennsylvania Steel Company, Steelton, Pennsylvania, railroad bridges, buildings and highway bridges.

Philadelphia Steel & Wire Company, Camden, New Jersey, buildings.

Phoenix Bridge Company, Phoenixville, Pennsylvania, buildings and bridges.

Pierson & Goodrich, New York, buildings and ornamental work.

Pirkl Iron Works, Brooklyn, buildings.

Pittsburgh Bridge and Iron Company, Rochester, Pennsylvania, buildings and highway bridges.

William B. Pollock & Company, Youngstown, Ohio, buildings.

W. F. Potthoff Company, Cincinnati, buildings and ornamental iron works.

Prince Iron Works, New York, small buildings.

Providence Structural Iron Company, Providence, Rhode Island, small buildings and ornamental iron work.

Radley Steel Construction Company, New York, buildings.

Ralston Iron Works, San Francisco, buildings.

Ravitch Brothers, New York, Long Island City, buildings.

Republic Structural Iron Works, Cleveland, buildings and ornamental iron works.

Richmond Pattern & Structural Iron Works, Richmond, Virginia, buildings.

Riter-Conley Manufacturing Company, Pittsburgh, gas holders, principally; some building work.

Riverside Bridge Company, Wheeling, West Virginia, railroad bridges, buildings and highway bridges.

Rochester Bridge Company, Rochester, Indiana, railroad and building work.

Ryerson & Son, Chicago, structural; that is, buildings, railroad and highway bridge work.

Q. Did you mention Rogers Brothers, of Albion, Pa.?

A. I do not know them.

Q. Or the Russel Wheel & Foundry Company of Detroit?

A. No.

William B. Scaife & Sons, Pittsburgh, buildings.

Schaefer Manufacturing Company, Birmingham, Alabama, buildings and tank work.

Louis Schreiber & Sons Company, Cincinnati, Ohio, buildings.

Schneider & Sons, Washington, D. C., buildings.

Schuylkill Bridge Company, Pottstown, Pennsylvania, buildings and highway work.

John Seaton Foundry & Manufacturing Company, Atchison, Kansas, railroad business.

Louis Shoemaker & Company, Philadelphia, Pennsylvania, bridges principally.

Smith Iron Company, Roxbury, Massachusetts, buildings.

Snare & Triest Works, at Jersey City, buildings and dock work principally.

Southern Bridge Company, Birmingham, Alabama, small buildings and highway bridges.

South Halsted Street Iron Works, Chicago; buildings.

St. Paul Foundry Company, St. Paul, Minnesota, buildings and highway bridges.

Stupp Iron Works, St. Louis, Missouri, buildings and highway bridges.

Syracuse Bridge Company, Syracuse, New York, buildings.

Taylor & Dean, Pittsburgh, ornamental iron work.

Terry & Tench Company, New York, buildings.

Toledo Bridge & Crane Company, Toledo, Ohio, buildings and highway bridges.

James H. Tower, Providence, Rhode Island, buildings.

Union Iron Works, Los Angeles, California, buildings.

United Iron Works Company, Springfield, Missouri; Pittsburgh, Kansas; Aurora, Missouri; Iola, Kansas; Joplin, Missouri; and Cherryvale, Kansas; buildings.

Q. You skipped those two Union plants. Do you not know them?

A. I know the Union Iron Works at Los Angeles.

Q. I mean the Union Iron Foundry Company of St. Louis, Missouri.

A. I know the Union Foundry Company of Chicago. I do not know the others.

Vanderstucken-Ewing Construction Company, Bethlehem, Pennsylvania, small buildings.

Van Dorn Iron Works Company, Cleveland, Ohio, buildings.

Variety Iron Works, Cleveland, Ohio, buildings.

Vierling Steel Works, Chicago, buildings.

Vincennes Bridge Company, Vincennes, Indiana, bridges and buildings.

Virginia Bridge & Iron Company, Roanoke, Virginia; Atlanta, Georgia; and Memphis, Tennessee; railroad bridges, buildings and highway bridges.

Western Iron Works, San Francisco, buildings.

West Virginia Bridge & Construction Company, Wheeling, West Virginia, buildings and bridges.

Whale Creek Iron Works, Brooklyn, New York, small buildings.

Wisconsin Bridge & Iron Company, Milwaukee, Wisconsin, railroad bridges, buildings and highway work.

Worden-Allen Company, Milwaukee, Wisconsin, railroad bridges, buildings and highway work.

Wurtz & Son, Buffalo, New York, small buildings.

Youngstown Wire & Iron Company, Youngstown, Ohio, buildings.

York Bridge Company, York, Pennsylvania, buildings and highway work.

Q. Take up that exhibit again, if you will, at page 118, beginning where we left off at the end.

As I understand it, you have testified, now, only to companies with whom you have had business relations, so that you have had to do with them in a business way, in selling goods and otherwise?

MR. DICKINSON: I do not understand——

MR. SEVERANCE: That is the way I put the question.

MR. DICKINSON: You are answering.

MR. SEVERANCE: All right. Strike it out.

MR. DICKINSON: Do not put the answer before you put the question.

MR. SEVERANCE: Very good. I will strike it out.

By MR. SEVERANCE:

Q. Were these companies that you have testified about companies that you merely heard of, or that you had business with?

A. I know them as buyers of materials which our companies produce and sell; also as competitors.

Q. One or the other.

A. Yes.

Q. I will ask you to look at that exhibit again.

MR. DICKINSON: He did not say, "one or the other". He said "also".

THE WITNESS: Both.

By MR. SEVERANCE:

Q. Take a company like Jones & Laughlin; what do you call them—purchasers or competitors?

A. They are competitors.

Q. That is what I understood you to mean. But there are some of them here that are both purchasers and competitors?

A. Yes; occasionally we sell materials to people who produce materials. They may have an insufficient supply at times and buy from us.

Q. Are some, or a large number of these in this list, purchasers of materials from you?

A. A large number.

Q. Are they competitors of the Bridge Company?

A. They are, all of them.

Q. Then there are others, like Jones & Laughlin, that make their own materials?

A. Yes.

Q. They are also competitors?

A. Yes.

Q. That is the way I understood your answer.

Now Mr. Farrell, there are quite a number of concerns that are mentioned on this exhibit which you have not testified about. Have you confined your answer to those with whom you have had business or whom you have met with as competitors?

A. Yes. There are some of these concerns that I have known as being in the trade.

Q. That is what I was going to ask you,—whether there are any more that you know from your knowledge of the trade in the business, although you have never had any connection with them?

A. Yes; practically all of them.

Q. I would like to ask you about some of them, and then you can state whether you know of them as in the trade or whether you do not: Whitehead & Kales Company, of Detroit, Michigan.

MR. DICKINSON: To what page are you now referring?

MR. SEVERANCE: Page 136. I am commencing at the end and working back.

THE WITNESS: I know them.

By MR. SEVERANCE:

Q. You know of them?

A. Yes.

Q. You know of them in what way—as buyers?

A. As buyers of structural steel.

Q. But you have had no business with them yourself?

A. I don't think we sell them.

Q. Adolph F. Wagner, of Milwaukee?

A. I do not know them.

Q. The Vulcan Iron Works, of Milwaukee?

A. I have heard of them. I know of them.

Q. You have heard of them in what connection?

A. As buyers of angles; small angles and light shapes for ornamental iron work.

Q. Harris H. Uris Iron Works, New York City?

A. They manufacture fire escapes. I should have included them. I overlooked them.

MR. DICKINSON: What concern is that?

MR. SEVERANCE: At the middle of page 135. He says that he overlooked them when he was testifying. He says they are manufacturers of fire escapes.

By MR. SEVERANCE:

Q. The Toledo Wire & Iron Company, of Toledo, O[illegible] (page 134). Do you know of them?

A. I have stated them. Are they not on the list I gave? I know of them.

Q. You spoke of the Toledo Bridge & Crane Company.

A. I know the Toledo Wire & Iron Company. They are manufacturers of ornamental iron work.

Q. Do you know of the Thomas-Fordyce Manufacturing Company, of Little Rock, Arkansas?

A. I do not.

Q. Over on page 133 do you know of the Snead Architectural Iron Works, of Louisville?

A. Yes; I know of them.

MR. DICKINSON: Is that spelled right?

MR. SEVERANCE: I do not know. It is spelled Snead. How should it be spelled, Mr. Farrell?

THE WITNESS: I think it is spelled correctly.

By MR. SEVERANCE:

Q. You did not mention them in your testimony?

A. No; I know of them as being in the trade.

Q. The Springfield Bridge & Iron Works, at Springfield, Illinois. You did not mention them. Do you know of them?

A. No.

Q. Did you mention the Spuck Iron & Foundry Company, of St. Louis?

A. On what page is that?

Q. Page 133; just below the one about which I asked you last?

A. I know of them as buyers of beams and channels.

Q. The Sterling Iron Works, of Springfield, Missouri?

A. No; I do not know them.

Q. Do you know of Scobia Brothers, Milwaukee?

A. Yes; as buyers of structural material.

Q. You did not mention them in your testimony?

A. No; I overlooked them.

Q. The Silver Brothers Iron Works, Salt Lake City; do you know of them?

A. As buyers of material. I do not know very much about them. They buy structural material.

Q. Do they buy it of you?

A. I think they buy from the Illinois Steel Company.

Q. Do you know the kind of business they carry on, or merely that they are buyers?

A. Small buildings.

Q. A. E. Shorthill, Marshalltown, Iowa?

A. I do not know them.

Q. The Schrader Iron Works, San Francisco, page 133.

A. Yes; I know them.

Q. You do know of them? You did not mention them in your testimony.

A. Yes. I know them.

Q. In what capacity?

A. As buyers of material and competitors of the American Bridge Company.

Q. Paul Scherbner, Jr., New York City. Do you know of him?

A. No sir.

Q. Do you know of the Sandblom Iron Works, of Brooklyn?

A. I do not know them, no sir.

Q. Do you know of the Russel Wheel & Foundry Company of Detroit?

A. Yes sir.

Q. You did not mention them.

A. I overlooked them. I know them.

Q. What is their business?

A. Buildings, building construction, fabricating.

Q. Do you know Rogers Brothers, Albion, Pennsylvania?

A. No sir.

Q. Do you know the Riter-Conley Manufacturing Company? You mentioned them?

A. Yes; they manufacture gas holders.

Q. Do they also build bridges?

A. To some extent. Their principal work is manufacturing gas holders and gas tanks.

Q. Do they build any buildings?

A. They are doing mostly works in foreign countries, hydraulic work.

Q. Is that a large or a small concern?

A. It is a large concern.

Q. It appears on this exhibit as having an annual capacity of 10,000 net tons. Do you think that is right, or is it a misprint.

A. It is very much underestimated. It is a misprint, I should say.

MR. DICKINSON: You say it is a misprint. Did you see the original?

THE WITNESS: No; I do not know whether it is a misprint or not.

MR. DICKINSON: It is different from what your idea is as to what would be correct?

THE WITNESS: I know what they buy. They buy much larger quantities of material than that.

MR. DICKINSON: You do not say that it is a misprint, then?

By MR. SEVERANCE:

Q. It is a mistake or a misprint, one or the other?

A. One or the other, yes.

Q. What would you estimate their annual capacity to be?

A. About thirty thousand tons.

Q. In this line?

A. Yes.

MR. DICKINSON: You say in this line. What line do you mean?

MR. SEVERANCE: In the class of work that the American Bridge Company do.

MR. DICKINSON: He did not say anything about that.

MR. COLTON: He said gas tanks and hydraulic work. He referred to hydraulic work.

THE WITNESS: The American Bridge Company do that class of work.

MR. DICKINSON: But you had not said that, or testified to that.

MR. SEVERANCE: He testified that all these people were competitors of the American Bridge Company.

THE WITNESS: These people are all competitors of the American Bridge Company.

By MR. SEVERANCE:

Q. I will ask you in what branch of the work of the American Bridge Company the Riter-Conley Company are competitors, if at all.

MR. DICKINSON: Just a moment. You stated that he said "these people" were competitors of the American Bridge Company, and he repeats that. What does he mean by "these people"? Do you mean everybody you have mentioned, Mr. Farrell?

THE WITNESS: No; The Riter-Conley Company.

MR. DICKINSON: That is all right, then.

By MR. SEVERANCE:

Q. In what branch of work is that company a competitor of the American Bridge Company?

A. In building work, dock work and work of that character.

Q. Do you know the Missouri Valley Bridge & Iron Company of Leavenworth, Kansas?

A. Yes.

Q. You did not mention them?

A. I did not mention them. I know them.

Q. As what?

A. As competitors of the American Bridge Company in highway and railroad bridge work.

Q. Do you know the Lacrosse Steel Roofing and Corrugated Company, of La Crosse, Wisconsin?

A. Yes.

Q. You did not mention them?

A. No. They are customers of ours for corrugated iron.

Q. Does the American Bridge Company erect structures of corrugated iron?

A. Yes. These people make a specialty of small roof trusses.

Q. Do you know George E. Lankenheimer, of Chicago?

A. No.

Q. Do you know George A. Just, of Long Island city?

A. I have heard of them.

Q. In this trade?

A. Yes; as competitors of the American Bridge Company.

Q. In what business?

A. Small building work, warehouses and wharf sheds and work of that character.

Q. You did not mention him before, I think?

A. No.

Q. Do you know the Kaysing Iron & Foundry Company of St. Louis?

A. No.

Q. Or the Kemper Construction Company of Philadelphia?

A. No.

Q. Or the Jackson-Richter Iron Works, of Denver?

A. No.

Q. Do you know the Horn Structural Iron Works of Chicago?

A. I have heard of them.

Q. In what branch of the business?

A. Competitors of the American Bridge Company in building work, fabricating work.

Q. You did not mention them, according to my note.

A. No.

MR. DICKINSON: I object to that, as being hearsay evi-

dence. Your question asked him as to those he knew, and I suppose he omitted those that he could not competently testify about.

THE WITNESS: I overlooked them.

MR. SEVERANCE: He is in the trade and he is an expert, and I suppose he knows the people engaged in the business. He has given his testimony before as to those with whom he has met actually in competition.

MR. DICKINSON: I think the question was as to those he knew. That was the original question—not those that he had heard about.

By MR. SEVERANCE:

Q. Do you know of Hetherington & Berner, of Indianapolis?

A. No.

Q. Do you know the M. Funk Boiler Works, of LaCrosse, Wisconsin?

A. No.

Q. Or the Griffiths Iron Works of St. Louis?

A. No.

Q. Hackendahl & Schmidt, of Milwaukee?

A. No; I do not know them.

Q. Do you know of Philip Dugro, of Brooklyn?

A. Yes.

Q. You did not mention him before, I think.

A. Their line is small buildings and ornamental iron work.

Q. Do you know Felgenhauer's Sons Company, Brooklyn, New York?

A. No.

Q. Or Anton Fluegel of Brooklyn?

A. No.

(Whereupon a recess was taken until 2 o'clock p. m.)

AFTER RECESS.

JAMES A. FARRELL,

the witness under examination at the taking of recess, resumed the stand.

DIRECT EXAMINATION (Continued).

By Mr. Severance:

Q. In what way are contracts taken by the American Bridge Company and its competitors as a rule?

A. Inquiries are sent out, with specifications, and the work is estimated for and prices are formulated, prepared and submitted to the buyers.

Q. What I want to get at is this: Suppose a man wants to put up a large steel structure, a building or a bridge, or anything of that kind, what steps does he take towards inquiring into the cost?

A. In the first place, he employs an architect, who makes plans, and these plans are sent around to the various manufacturers of structural material, fabricators, and the work is estimated upon and the prices are submitted.

Q. That is, by competitive bidding, you mean?

A. Oh, yes.

Q. Is it a universal thing that these contracts are let by competitive bidding, or are sales made otherwise?

A. It is usually by competitive bidding.

Q. That is, the larger works?

A. Yes.

Q. How about highway bridges? Is that the same?

A. The same.

Q. What classes of structures does the American Bridge Company fabricate and build?

A. Buildings of all kinds, bridges of all kinds, and a large range of other products; transmission towers. They have one plant, the Schiffler plant at Pittsburgh, that is occupied entirely in the construction of transmission towers—towers

for transmission purposes. They manufacture barges. They make a great many steel barges.

Q. Where are these built.

A. At Ambridge, Pennsylvania. That is a new development.

Q. Is that on the Ohio River?

A. On the Ohio River. We are building a great many for the Government, for the Board of Engineers—snagging boats, and all that sort of thing.

Q. For the rivers?

A. Yes.

Q. You spoke in your testimony day before yesterday with reference to some contract in Pearl Harbor, Hawaiian Islands.

A. Dry docks, yes.

Q. What company built that?

A. The American Bridge Company.

Q. You stated that that was not erected by them, I think?

A. No; it was erected by the government people themselves, or sub-let to somebody in Honolulu; I do not know.

Q. From what sources does the American Bridge Company secure its semi-finished or finished material used in fabricating?

A. From the Carnegie Steel Company and the Illinois Steel Company. They roll some material at the Pencoyd Works at Pencoyd, Philadelphia.

Q. That is, however, a very small percentage of their total, is it not?

A. Yes, a very small percentage.

Q. Have you done any work in the Philippine Islands? I mean, has any work been done there by the American Bridge Company?

A. Quite a good deal.

Q. Of what character?

A. Mostly for the government.

Q. What class of work?

A. Work for the building of Fort McKinley, and work for the docks, dredges, and different lines.

Q. Where is Fort McKinley?

A. It is at Manila.

Q. Is it on the Corregidor Island?

A. Yes.

MR. DICKINSON: No; Corregidor Island is out in the bay.

MR. SEVERANCE: Fort McKinley is at Manila?

MR. DICKINSON: No; at Luzon, not very far from Manila.

By MR. SEVERANCE:

Q. Have you done any work for Corregidor Island, or do you not know the location?

A. Not that I recall.

Q. What is the character of the work that you have been doing for these forts and docks? What kind of work is it?

A. It is work in connection with fortifications—built up steel work.

Q. Is it similar to buildings?

A. It is of a similar character.

Q. Over what period of years have you been doing work for the government for use at Manila?

A. Practically for ten years past.

Q. Has that been rather regular or not?

A. More or less regular.

Q. How have you secured those contracts?

A. We submit tenders, the bids are opened, and if we are the lowest bidder we secure the work. If not, it goes to somebody else.

Q. Have you had all of the government work?

A. No.

Q. What other companies than the American Bridge Company have secured portions of the government work during that period?

A. The American Sheet & Tin Plate Company have sold considerable quantities of corrugated iron for—

Q. I mean outside of the Steel Corporation.

A. What other companies?

Q. Yes.

A. The McClintic-Marshall Construction Company of Pittsburgh secured the Panama Canal lock gates.

Q. That was a large contract?

A. It was a large contract. There was quite a disparity in the bids in that contract.

Q. What other companies bid on that, aside from the American Bridge Company and the McClintic-Marshall Company?

A. The Maryland Steel Company and the Riter-Conley Company of Pittsburgh.

Q. What kind of a plant have the Maryland Steel Company at Sparrows' Point?

A. They have a steel works and a shipbuilding yard; an entire shipbuilding yard. They have built a great many lock gates, and work of that character. They built the first lock gates on the Willamette River in Washington.

Q. How did you transport the material to the Philippine Islands that you said you sold over there for the forts?

A. By steamers from New York.

Q. By whose steamers; by government steamers, or did you secure the steamers?

A. No; by the regular lines that operate from here. There are four or five regular lines that operate from here.

Q. Cargo boats?

A. Cargo boats.

Q. Were foreigners invited to bid on that work, or do you remember?

A. You mean in Manila?

Q. Yes.

A. They are constantly buying a great deal of material in Hong Kong; that is a free harbor, and I think all the brick that was used was bought from the Germans.

Q. I am speaking about the steel work.

A. There is some work furnished by the Germans. One building was furnished by a firm called German & Company, of Manila, which was a German concern.

MR. DICKINSON: You are speaking of government buildings now?

THE WITNESS: Yes.

By MR. SEVERANCE:

Q. What work, if any, have you done, or has the American Bridge Company done, along the Panama Canal?

A. We have done about eight million dollars' worth of work there for the government so far.

Q. What character of work?

A. We are building the emergency dams, building the transmission towers, and the administration building, and the machine shops, involving about 6,000 tons, and we have been doing a great deal of work outside of the lock gates, which were furnished by McClintic-Marshall Company. I think we have done the major portion of the work, and it has always been work that we had to get out pretty promptly, and sometimes have to set aside other work to accomplish the deliveries required.

Q. Does that work come in large volume?

A. At times in large quantities; at other times, in smaller quantities.

Q. Does it at times require a large capacity to get the work out within the time permitted?

A. Yes, it does.

Q. Has this work been secured by competitive bids?

A. Yes, open tenders.

Q. Where are the plants of the American Bridge Company in the West?

A. A plant at Toledo, one at Ambridge, one at Gary, Indiana, a large plant and a comparatively new plant; one at Chicago, one in Minneapolis, one in St. Louis and one in Detroit.

Q. Now, is it a fact or is it not that these plants located in different parts of the West meet any particular competition from plants in the vicinity?

A. Yes, it is a zone business more or less.

Q. That is what I wanted to bring out. What part of the business would you call a zone business?

A. Well, business within 300 or 400 miles of where the plant is located; it is a question of freight rates.

Q. You mean by that, bridge business or structural business, for buildings?

A. Both.

Q. How about railroad bridges?

A. That class of work is confined to those companies having the largest plants, and those equipped for that sort of work. There are a very few companies, for example, that could build a bridge like the Hell Gate Bridge, involving 40,000 tons of material, and an incidental expense of perhaps $300,000 to get the false work together. When we secured that contract we had to expend immediately $160,000 for tools. While we were a very large concern and had a very well equipped plant, we were obliged to buy $160,000 worth of tools for that particular work.

Q. Has there been any change in the style and size of structures in the last twelve or fifteen years, which affected the size of the plants that are necessary in order to execute the contracts?

A. Yes; the first steel frame building was built here in lower Broadway, the Tower Building, that small building across the street here. Since that time buildings ranging from 18 and 20 stories up to 36 stories have been built. Our company completed the work on the Woolworth Building and the Singer Building, and buildings of that character.

Q. On buildings like that, what part of the work is done by the Bridge Company?

A. We fabricate the steel and deliver it to the site and erect it.

Q. Is that the universal practice in building buildings of that character?

A. Largely. A great many people buy the steel delivered at the site, and then let the contract locally to some erection firm who will do the work.

Q. That is done sometimes?

A. It is done quite often.

Q. How about your competitors in the business; how do they do the business, so far as erecting the steel is concerned?

A. In the same manner.

Q. What other concerns, outside of the Illinois Steel Company and the Carnegie Steel Company sell material to fabricators? I mean, outside of the Corporation.

A. The Lackawanna Steel Company, Buffalo; the Bethlehem Steel Company, Bethlehem, Pennsylvania; the Eastern Steel Company, Pottsville, Pennsylvania; the Phoenix Iron Company, Phoenixville, Pennsylvania; the Pennsylvania Steel Company, Steelton, Pennsylvania; the Central Iron & Steel Company, Harrisburg, Pennsylvania; Jones & Laughlin, Pittsburg; Republic Iron & Steel Company; the Otis Steel Company of Cleveland; the Upson Net Company, Cleveland; Inland Steel Company, Chicago; Wisconsin Steel Company, Chicago.

Q. And the Maryland Steel Company?

A. The Maryland Steel Company roll rails and build ships and buy their plates and material from our competitors.

Q. They do not sell to other people?

A. Not that class of people. The Cambria Steel Company is a very large concern, and the Youngstown Sheet & Tube Company.

Q. And the La Belle Company?

A. La Belle Iron Company at Wheeling, West Virginia, and Steubenville, Ohio.

Q. Does the Colorado Fuel & Iron Company make anything of that kind?

A. Yes, they manufacture bars and light shapes, rails and wire products.

Q. I am speaking now of structural.

A. Yes, and there are several mills on the Pacific Coast.

Q. Where are they located?

A. The Seattle Steel Company, Seattle, Washington; the Pacific Rolling Mill Company, San Francisco, and the Pacific Coast Steel Company, which is a merger of several small concerns that existed there. The Portland Rolling Mill Company, the Industrial Works at Los Angeles, and a concern known as the West Coast Steel Company, and of course the Western Steel Corporation at Irondale, Washington.

Q. These concerns you have named are some of the concerns that are selling material to fabricators?

A. Yes.

Q. Do any of those companies you have named have fabricating plants?

A. Yes.

Q. Which ones?

A. The Lackawanna Bridge Company of Buffalo is affiliated with the Lackawanna Steel Company; the Bethlehem Steel Company have a fabricating plant, and the Phoenix Bridge Company and the Pennsylvania Steel Company; Jones & Laughlin and the Cambria Steel Company.

Q. You have spoken of the McClintic-Marshall Company as a large concern; from whom do the McClintic-Marshall Company purchase their steel?

A. They buy it in the market from various companies. We sell them some material. Jones & Laughlin sell them, and various others, the Cambria Steel Company and others, and the Bethlehem Steel Company sells them some material.

Q. Who sold them the material for the locks at Panama, if you know?

A. We sold the most of it to them.

Q. What has been the fact as to whether the bridge companies, or fabricating companies, which is the better word, that were in existence in 1901 have enlarged their operations since that time?

A. Practically all of the concerns that were in business at that time have enlarged their plants very materially. The McClintic-Marshall Company had one plant at Rankin, and now they have three plants at various places. Jones & Laughlin, at the time of the formation of the Corporation, were not in the fabricating business to any extent, but they are in the business now. The same thing is true of the Cambria Steel Company, and of course the Lackawanna Bridge Company of Buffalo has been built since that time. There are over 360 competitors of the American Bridge Company at the present time.

Q. You defined the other day what is known as a Bethlehem section, did you not?

A. Yes.

Q. Is that anything that you manufacture, or is it only made in Bethlehem?

A. It is made at Bethlehem under the so-called Grey patent.

Q. Is that made anywhere else?

A. It is made very largely in Europe. There are four plants in Germany, two in Belgium and one in England, making that section.

Q. Where is that section marketed that is made in Europe?

A. Large quantities go to Canada, and South America—go all over the world.

Q. How successfully has the Bethlehem section made at Bethlehem been exploited in this country?

A. Very successfully.

Q. Is that a large or a small plant, that portion of the Bethlehem Steel Company's plant?

A. A very large plant.

Q. In what markets has the Bethlehem section been most usually used or employed?

A. They have sold their wide flange beams, or so-called Bethlehem sections, all over the country. They have done a great deal of business in New York and in the East, and they have a great deal of business on the Pacific Coast, shipping their material by water.

Q. Mr. Reed calls my attention to the fact that the record shows yesterday—or whenever it was—that when you spoke of the Bethlehem section you testified as follows. I think it is a misprint of my question. It is on page 7143 of the typewritten testimony. You state:

"The difference is that the Bethlehem section is rolled with a wider flange than the ordinary beam.

"Q. How much is the difference in width of the flange?

"A. They vary all the way up to 24 or 26 inches."

THE WITNESS: That is the section.

Q. (Continuing reading):

"Q. You mean they are that much wider than the ordinary flange?"

It says: "That much wider." I think the way I intended to put it was "They are much wider than the ordinary flange." Do you mean to say that they are 24 to 26 inches wider, or that they were simply wider?

A. Wider.

MR. SEVERANCE: I think that word "that" ought to come out.

MR. DICKINSON: Strike it out.

Q. What are the requirements as to financing in the case of fabrication of steel structures, such as these sky-scrapers here in New York? Do you have much money tied up in financing such things, or not?

A. Yes; it sometimes takes a year or longer to erect a very large building, and we are required to roll the material and fabricate it and we do not commence to get our payments until the work progresses.

Q. Can you give an approximate estimate of how much a ton is ordinarily paid for fabricating steel and erection of steel in one of these big buildings?

A. About $55 a ton.

MR. DICKINSON: You mean paid by whom, the consumer or whom?

MR. SEVERANCE: Paid by the person building the building. I asked in regard to fabricating and erecting. You understood my question?

THE WITNESS: Yes, that is the average price.

By MR. SEVERANCE:

Q. Just for the sake of example, how much steel is there in the Woolworth building?

A. 24,000 tons in that building.

Q. Has the American Bridge Company built any of the large bridges around New York?

A. Yes; we built the Williamsburg Bridge.

Q. Do you remember the tonnage in that bridge?

A. I am not certain that we built that bridge; it was either Williamsburg or Manhattan.

Q. One of those two?

A. One of those two.

Q. Do you remember the tonnage in the bridge that they did build?

A. It would be about 18,000 tons.

Q. Who built the Queensboro Bridge, at 60th street?

A. The American Bridge Company; the new bridge at Blackwell's Island?

Q. Yes; that is a very large structure?

A. Very large structure.

Q. You mean they built that and the Manhattan or the Williamsburg, or only one of the three?

A. We furnished the materials for some of those other bridges, but we did not erect the bridge. We did, however, erect the Queensboro Bridge.

Q. You erected the Queensboro Bridge?

A. Yes.

Q. How do you secure railway bridges? Are they by competitive bids?

A. Always.

Q. Always by competitive bids?

A. Always by competitive bids.

Q. What companies are there that bid against you on more or less important railway bridges throughout the country?

A. Jones & Laughlin, Pennsylvania Steel Company, McClintic-Marshall, Lackawanna Bridge Company, Chicago Bridge & Iron Company—there are scores of them.

Q. And they are invariably let on competitive bids, are they?

A. Yes; and the King Bridge Company, in Cleveland; they are a large concern in that line.

Q. Is there any importation of structural material into this country?

A. Some on the Pacific coast.

Q. Where does it come from?

A. Germany and Belgium.

Q. Is that fabricated in this country?

A. Yes.

Q. And by what concerns?

A. Mostly concerns on the seacoast, like the National Bridge & Iron Company of Long Island City, the Judson Manufacturing Company, of San Francisco, the Northwest Steel Company, of Portland, and concerns of that kind.

Q. You spoke of a concern in Long Island City; do they erect work on the Pacific Coast?

A. I say the material mostly comes into the seaboard and is purchased by people located on the seaboard.

Q. No, but you said, as I understood you, that most of these importations were on the Pacific Coast?

A. Yes.

Q. You spoke then of Long Island City.

A. They are not located there.

Q. Do they use foreign materials?

A. Yes, they have imported some.

Q. Into New York?

A. Yes.

Q. And as a rule it goes to the coast, does it?

A. Yes.

Q. In securing material for fabrication, do concerns like McClintic-Marshall and similar concerns that do not manufacture their own steel buy on competitive tenders?

A. They send out an inquiry for five or ten thousand tons, as the case may be, and get the best price they can from the various producers of plain structural materials, and generally place the order with the party quoting the lowest price.

Q. I did not ask you this morning, I think, about the American Sheet Steel Company. When was that company formed, if you remember?

A. In 1900.

Q. That is now consolidated with the American Tin Plate Company, is it not?

A. Yes.

Q. At the time it was formed did it have a large percentage of the sheet steel capacity of the country, or a small percentage?

A. Fairly large percentage.

Q. Had that percentage changed between the time it was formed in 1900, and 1901, when the Steel Corporation was formed?

A. Yes; very materially; the American Sheet Steel Company was formed in 1900, and at that time it had fifteen competitors. In 1901 it had twenty-eight, and at the present time it has 36. They had 13 competitors within a year after they were organized.

Q. You mean thirteen new ones?

A. Yes, new ones.

Q. Has the percentage of the output of that company increased or decreased?

A. Decreased.

Q. Can you tell approximately what the percentage of the sheet steel business was, conducted by the American Sheet Steel Company in 1901, the year of the formation of the Corporation?

A. I should say about 58 per cent.

Q. And about what percentage was done by them in 1911?

A. Forty-two.

Q. Forty-two per cent in 1911, are you sure of that?

MR. DICKINSON: He says that.

MR. SEVERANCE: I want to be sure that he knows the year I am asking about.

THE WITNESS: Thirty-six.

MR. SEVERANCE: You are sure you have got this in your mind correctly? If you have not, it does not matter.

THE WITNESS: I am not certain.

By MR. SEVERANCE:

Q. Do you know whether or not the percentage of the business done by outside concerns, outside of the American Sheet Steel Company, had increased or decreased between 1901 and 1911?

A. The percentage of the competitors?

Q. Yes.

A. It very materially increased. My recollection is that the American Sheet Steel Company had 67 per cent and now has 36.

Q. But you are not certain about the figures?

A. No.

(At the request of counsel the proceedings in regard to percentages were repeated by the stenographer.)

MR. DICKINSON: Does he say that?

MR. SEVERANCE: He says he is not certain. I asked him if he is sure about these figures, and he says he is not. I asked him a question as to these dates, and he gave his recollection, and I asked him if he was sure that his recollection is correct, and he says he is not.

MR. DICKINSON: He said 67 per cent.

MR. SEVERANCE: That is his recollection.

MR. DICKINSON: I want to know what date he gives that for.

MR. SEVERANCE: My question was for 1901 and 1911, between the two dates.

MR. DICKINSON: Both dates?

MR. SEVERANCE: Yes; he said his recollection was that it was 67, and had gone down to 36, and I asked if he was sure of those percentages, and he says he is not.

MR. DICKINSON: To save some further examination I just wanted to know.

MR. SEVERANCE: From 67 per cent in 1901 to 36 in 1911; he says that is his recollection.

MR DICKINSON: Is that what he says now?

THE WITNESS: Yes.

By MR. SEVERANCE:

Q. But you are not sure of those figures?

A. I am not certain, but approximately.

Q. Do you know a concern, the Allegheny Steel Company, of Brackenridge, Pa?

A. Yes.

Q. Were they in business in 1901?

A. No.

Q. What is their business?

A. Manufacturing sheets and tin plates, and they have a steel plant also.

Q. Do you know a concern called the Zug Iron & Steel Com- of Pittsburgh?

A. Yes, manufacturers of sheet steel.

Q. They have been in business a long time?

A. A long time.

Q. Were they in business in 1901?

A. They were.

Q. Do you know the Alan Wood Company?

A. Yes, an old concern.

Q. And J. Wood Brothers Company?

A. Yes.

Q. Are they at the same place?

A. Yes, Conshohocken.

Q. You say they are an old company; does that mean that they were in business as long ago as 1901?

A. Yes.

Q. Is the Wood Company a large or small concern?

A. A large concern.

Q. Has it increased or decreased in importance since 1901?

A. Increased.

Q. Do you know a concern called the Wilkes Rolling Mill Company?

A. Yes.

Q. At Sharon, Pennsylvania?

A. Yes, sheet steel.

Q. How long have they been in business, if you know?

A. Prior to the formation of the Corporation.

Q. Has that concern grown or otherwise?

A. No; it has remained about stationary.

Q. Do you know the Whittaker Iron Company, of Wheeling, West Virginia?

A. Yes, a large concern, now known as the Whittaker-Glessner Company.

Q. Is that an old concern or a new one?

A. An old concern; it has increased its capacity very considerably.

Q. Was that doing business at the time of the organization of the Corporation?

A. The Whittaker Company was.

Q. You say they have changed their name; have they consolidated with somebody else, or simply enlarged and changed their name?

A. I think they have simply changed the name.

Q. I did not ask you the business of the Whittaker Iron Company.

A. Manufacturers of sheets.

Q. Any thing else?

A. No; a sheet mill.

Q. Do you know a concern, the Wheeling Steel & Iron Company?

A. Yes.

Q. What is their business?

A. They manufacture raw steel, sheets, pipe, and a variety of products.

Q. Is that an old or a new concern?

A. An old concern.

Q. Do you know a concern, the Waynesborough Sheet & Tin Plate Mills, at Waynesborough, Pennsylvania?

A. Yes.

Q. Is that an old concern?

A. No; it is a new concern.

Q. What business do they do?

A. Manufacture roof plates, and sheets for corrugating.

Q. Do you know the Waukesha Sheet Steel Company, Waukesha, Wisconsin?

A. Yes; that is a new company.

Q. Do you know the Stark Rolling Mill Company of Canton?

A. Yes.

Q. What do they make?

A. They manufacture sheet steel roofing.

Q. They have been in business for a long time?

A. A long time, yes.

Q. Have they enlarged or not?

A. Enlarged.

Q. What is the Portsmouth Steel Company, of Portsmouth, Ohio, if you know?

A. The Portsmouth Steel Company is an old company manufacturing sheets, bars and general products; it has a steel plant.

Q. That is an old company, is it?

A. Yes.

Q. Was that in business at the time the Corporation was formed?

A. It was.

Q. Has it enlarged since that time, or not?

A. Yes.

Q. Do you know a concern called the Plymouth Rolling Mills, Conshohocken, Pennsylvania?

A. Yes.

Q. Is that an old company?

A. That is an old company.

Q. And what do they manufacture?

A. Sheets.

Q. Do you know whether they have enlarged their output in the last twelve years?

A. Yes; all the concerns in that vicinity have. There has been a very large steel works built there, at Conshohocken, and they have sold their steel in that locality, and nearly all of the concerns that were consuming steel have increased their output.

Q. Whose steel works are they?

A. The Alan Wood Company.

Q. That you have stated has largely increased?

A. No; that has not been referred to. We have referred to J. Wood & Company.

Q. Do you know the Phillips, Nimick Company of Pittsburgh?

A. Yes.

Q. What is that?

A. It is an old company on the South Side of Pittsburgh, manufacturing sheets.

Q. Where do they get their material from which they manufacture?

A. They buy it in the open market.

Q. Was that in existence as long ago as the formation of the Corporation?

A. It was; yes, sir.

Q. Do you know of a company called the Parkersburg Iron & Steel Company, of Parkersburg, West Virginia?

A. Yes.

Q. How long have they been in business?

A. Several years.

Q. They were in business at the time the Corporation was formed?

A. Not to my knowledge; I don't think so. I have known them for several years. I do not know when they started.

Q. Is it an important concern?

A. Yes.

Q. Do you know of the Theodore Oliver Company at Easton, Pennsylvania?

A. Yes; sheet mills.

Q. Is that an old concern?

A. It is an old company.

Q. Was that in existence as long ago as the Corporation was formed?

A. Yes.

Q. What does that plant make?

A. Sheets.

Q. Has the plant grown in importance since the Corporation was formed?

A. Not materially.

Q. Do you know the Niles Iron & Steel Company of Niles, Ohio?

A. Yes.

Q. Is that an old company?

A. It is an old company that has recently been absorbed by the Brier Hill Steel Company.

Q. What is the Brier Hill Steel Company?

A. The Brier Hill Steel Company is a self-contained company, having blast furnaces, steel works and finishing mills. They are now building a very large open hearth steel plant.

Q. Where?

A. At Niles; in Youngstown.

Q. In the Youngstown district?

A. Yes, at Youngstown.

Q. This old company, the Niles Iron & Steel Company, has recently been absorbed by this other concern?

A. Yes; together with one or two other companies—the Thomas Iron Company, and I think the De Forrest Sheet & Tin Plate Company.

Q. What kind of business did the Thomas Iron Company do?

A. Sheets; at Youngstown, Ohio.

Q. The same kind of business as the Niles Iron & Steel Company did?

A. Yes.

Q. Do you know the Newport Rolling Mill Company of Newport, Kentucky?

A. Yes; it is a very old company; sheet iron and sheet steel.

Q. It is a sheet steel company?

A. Yes.

Q. Where do they get their steel?

A. They buy their steel from the Andrews Steel Company at Covington.

Q. And the Andrews Steel Company makes steel?

A. Yes; they have an open hearth plant.

Q. Was the Newport Rolling Mill Company in business as long ago as the Corporation was formed?

A. Yes.

Q. Has it increased or decreased in size?

A. It has increased.

Q. Who are Neill Brothers at Pittsburgh?

A. Sheet rollers; they have a small sheet mill.

Q. Is it an old company?

A. No; it is not an old company.

Q. What is the McCullough Iron Company of Wilmington, Delaware, if you know?

A. The McCullough Iron Company were probably the first sheet rollers in this country; among the first. It is a very old company.

Q. Is it a growing company?

A. Yes, it has grown considerably. They manufacture high grade sheets for roofing purposes. There are several mills in that vicinity; the Marshallton Iron Company.

Q. The Marshallton Iron & Steel Company; is that one of them?

A. Yes; at Marshallton, Delaware.

Q. Is that an old company also?

A. Yes.

Q. And a growing one also, or otherwise?

A. It is about stationary.

Q. Were both the McCullough Company and the Marshallton Company doing business when the Corporation was formed?

A. Yes.

Q. You have said the McCullough Company was a very old company.

A. Yes.

Q. The Marshallton Company was an old Company also, was it?

A. Yes; there is a mill at Newport, Delaware, too.

Q. What is that, the Marshall Iron Company?

A. Yes, the Marshall Iron Company.

Q. Is that an old company?

A. An old company.

Q. What do they make?

A. Sheets.

Q. Were they in existence when the Corporation was formed?

A. I believe so.

Q. Do you know a concern called the Maryland Sheet Steel Company at Cumberland, Maryland?

A. Yes, sir.

Q. What is their business?

A. They manufacture sheets. It is a comparatively new concern.

Q. Do you know the Laughlin Nail Company of Martins Ferry, Ohio?

A. Yes; it is an old company.

Q. What do they do?

A. They manufacture sheets and cut nails principally.

Q. Is it a good sized company?

A. Yes.

Q. Is it growing?

A. Apparently.

Q. Who are the Lalance & Grosjean Manufacturing Company of Harrisburg?

A. The Lalance & Grosjean Manufacturing Company are large manufacturers of enameled ware, known as Agate Ware. They built a plant at Harrisburg. They have their own facilities there for turning out sheets and tin plates. They have a large works at Woodhaven, Long Island. They are a very large company.

Q. Has that company increased or decreased in its output since 1901?

A. It has increased very materially.

Q. What is the Curtis Sheet Steel & Corrugated Company of Zanesville, Ohio, if you know?

A. I do not know them.

Q. Do you know the Cleveland Sheet Steel Company of Cleveland, Ohio?

A. Yes; it is an old company, manufacturing sheets.

Q. Was that company in existence as long ago as the Corporation was formed?

A. Yes.

Q. Has it enlarged its operations during that time?

A. It has.

Q. Do you know a company called the American Sheet Iron Works at Phillipsburg, New Jersey?

A. Yes.

Q. Is that an old company or a new one?

A. It is an old one.

Q. Is it a growing company or otherwise?

A. It is growing.

Q. Was that company doing business as long ago as 1901?

A. Yes.

Q. Do you know the American Rolling Mill Company of Middletown, Ohio?

A. Yes.

Q. Is that an old company, or otherwise?

A. It started in 1901, and has increased very rapidly.

Q. What do they make?

A. Roofing sheets.

Q. Do you know of a plant of the American Rolling Mill Company at Zanesville, Ohio?

A. Yes.

Q. Is that a rather recent plant?

A. Yes; it is a new plant.

Q. What do they make there?

A. Sheets.

Q. Do you know about how long ago it was built?

A. Within three or four years.

Q. Is it a large or small company?

A. It has been increasing moderately.

Q. Do you know the Atlanta Rolling Mill & Tin Plate Company, of Atlanta, Indiana?

A. Yes.

Q. What is the nature of their output?

A. Sheets and tin plate.

Q. When was that started, if you know, about when?

A. Several years ago.

Q. Since 1901?

A. Yes; that is my information.

Q. Is it rather an important company in the business?

A. Yes, it is.

Q. What is the Berger Manufacturing Company, of Canton? If you know.

A. The Berger Manufacturing Company of Canton are manufacturers of roofing and culverts and drain pipe. They make specialties of that character. They have a sheet mill.

Q. About how long ago was that started?

A. Prior to the formation of the United States Steel Corporation. It is a very active company.

Q. Is it a growing company?

A. Yes.

Q. Do you know a company called the Cannonsburg Iron & Steel Company, of Cannonsburg, Pennsylvania?

A. Yes.

Q. What do they make?

A. They manufacture sheet steel.

Q. Is that a comparatively new company, or an old company?

A. It is an old company.

Q. Do you know when it was started?

A. Prior to the formation of the United States Steel Corporation.

Q. Is it a large company or not?

A. They have increased their output somewhat from time to time.

Q. Do you know the Canton Sheet Steel Company of Canton, Ohio?

A. Yes, sir.

Q. Is that a comparatively new company?

A. A new company, yes.

Q. Large or small?

A. It is about the usual size of a sheet mill.

Q. Is it an active concern?

A. It is active, yes.

Q. Do you know the DeForest Sheet & Tin Plate Company, of Niles, Ohio?

A. Yes.

Q. Is that a comparatively recent or an old company?

A. It is new.

Q. Is it large or small?

A. It is fairly large.

Q. Do you know the Empire Iron & Steel Company, of Niles, Ohio?

A. Yes.

Q. What is their business?

A. They are manufacturers of sheets. It is a new company.

Q. About how old is it?

A. Two or three years.

Q. Do you know Follansbee Brothers Company, of Follansbee, West Virginia?

A. Yes; it is a new company, or rather, it is an old company that originally started in Pittsburgh, prior to the organization of the United States Steel Corporation, and then built a very large plant at a place called Follansbee, West Virginia, near Steubenville; across from Steubenville, Ohio.

Q. Do they do a large business?

A. They are a large company. They are building a steel plant.

Q. Do you know the Griffiths Charcoal Iron Mills, at Washington, Pennsylvania?

A. Yes.

Q. What is their business?

A. They manufacture charcoal iron roofing plates.

Q. I do not believe I asked you what business the Follansbee Brothers Company is doing now. What do they make now?

A. They manufacture tin plate, principally, and sheets.

Q. How about the Griffiths Charcoal Iron Company, of Washington? What do they make?

A. Charcoal iron roofing plates.

Q. Is charcoal iron roofing plate in the market in competition with steel plate for roofing?

A. Yes.

Q. Do you know the Inland Steel Company?

A. Yes.

Q. Is that a large or a small concern?

A. It is a very large and active company.

Q. Where is it located?

A. At Indiana Harbor.

Q. Just outside of Chicago?

A. Yes.

Q. That has been established since the Corporation was formed?

A. I think they had blast furnaces there, but it has grown very largely since the formation of the Corporation. It is a self-contained plant, with its own ore mines, steamship, blast furnaces, steel works, structural mills, bar mills and sheet mills. It has very large sheet mills.

Q. If you know, what is the Jobe Iron & Steel Company of Ashland, Kentucky?

A. The Jobe Iron & Steel Company of Ashland, Kentucky, is an auxiliary, I think, of one of the large steel works at Ashland. There are two steel works there at Ashland, Kentucky, the Norton and the Ashland.

Q. What do the Jobe people make?

A. Sheets.

Q. Is that a growing concern or otherwise?

A. Yes; it is a growing company.

Q. How long ago did it go into business?

A. Several years.

Q. Since the Corporation was formed?

A. Yes.

Q. What about the La Belle Iron Works, of Steubenville, Ohio? What classes of business do they do?

A. They manufacture sheets, tin plate, pipe, bars, light structural shapes. It is a very large company.

Q. It is growing very fast?

A. Yes; very fast.

Q. Was that sheet mill started since the Corporation was formed?

A. No; they had sheet mills there.

Q. Do you know the Massillon Rolling Mill Company of Massillon, Ohio?

A. Yes, that is an old company.

Q. What is their business?

A. Sheet iron.

Q. Do you know the National Enameling & Stamping Company of St. Louis?

A. Yes; formerly the Niedringhaus Company. They bought out the Niedringhaus Company. They had a large sheet mill at Granite City, Illinois, across the river from St. Louis.

Q. Is that a large or a small concern?

A. A very large company.

Q. Do you know the National Rolling Mill Company of Mansfield, Ohio?

A. No.

Q. Do you know the Seneca Iron & Steel Company of Buffalo?

A. Yes.

Q. What is that?

A. It is a large sheet steel works, started at Buffalo several years ago, drawing their supplies from the Lackawanna Steel Company.

Q. Is it a growing concern or otherwise?

A. It is growing, and is a very active company.

Q. Do you know N. & G. Taylor Company, of Cumberland, Maryland?

A. It is an old company; it is a Philadelphia concern that built a plant at Cumberland a number of years ago. They manufacture sheets for roofing purposes.

Q. You have already spoken of the West Penn Steel Company, in another connection?

A. Yes.

Q. What do they make?

A. Electrical sheets, principally.

Q. Do they have their own sheet steel plant?

A. Yes; they make their own steel; sheets for transformers.

Q. What is the Youngstown Iron & Steel Company?

A. The Youngstown Iron & Steel Company is an old company, manufacturing sheets and roofing material. Also the Youngstown Sheet & Tube Company.

Q. They also make the sheets on a large scale?

A. On a very large scale.

Q. Are these various concerns that you have mentioned in competition with some of the plants of the American Sheet & Tin Plate Company?

A. Yes.

Q. How is the competition that is met with by the American Sheet & Tin Plate Company in sheets, in activity, as compared with earlier years? Is it growing less or growing stronger?

A. It is becoming more active all the time. As I said before, they have thirty-six competitors now. They had fifteen when they started.

Q. Mr. Farrell, the Carnegie Steel Company and the Illinois Steel Company, previous to the organization of the Corporation, made a certain line of similar products, did they not?

MR. DICKINSON: I do not like to be objecting too much, but that is not the proper way to be questioning your own witness—to state a fact and ask if that is not true.

MR. SEVERANCE: All right; it is a thing you allege in your complaint and we admit in the answer, so I thought you would not make any objection to it.

MR. DICKINSON: I know, but I think we had better conform to the rules.

MR. SEVERANCE: I will put it the other way.

MR. DICKINSON: It makes no difference now how you put it.

MR. SEVERANCE: I will withdraw the question.

By MR. SEVERANCE:

Q. Mr. Farrell, did you, as a steel man, have knowledge of the character of business done; that is, as to the character of output, by the Carnegie Steel Company and the Illinois Steel Company, previous to the organization of the Steel Corporation?

MR. DICKINSON: Wait a minute. Read the question, please, Mr. Stenographer.

(The stenographer repeated the question.)

THE WITNESS: Yes.

By MR. SEVERANCE:

Q. Where were the plants of the Illinois Steel Company located?

A. At South Chicago, North Chicago, Joliet and Milwaukee.

Q. And where were the plants of the Carnegie Steel Company located?

A. In Pittsburgh, at the Homestead Works, Duquesne Works, Edgar Thomson——

Q. Well, they were in the Pittsburgh district?

A. In the Pittsburgh district.

Q. The Illinois Steel Company had no plant in the East, had it?

A. No.

Q. And the Carnegie had none in the West?

A. No.

MR. DICKINSON: I object to that form of questioning.

MR. SEVERANCE: All right.

By MR. SEVERANCE:

Q. How about the Lorain Steel Company? Where was that located?

A. At Johnstown, Pennsylvania. They were manufacturers of street railway materials.

Q. What companies were in the Federal Steel Company, what manufacturing companies?

A. The Illinois Steel Company and the Lorain Steel Company.

Q. Was there also a plant of the Lorain Steel Company at Lorain, Ohio?

A. Yes.

Q. That was the old Johnstown plant there, was it?

A. Yes; it moved there.

Q. What did the Lorain Steel Company manufacture at this Johnstown plant?

A. Street railway material; and at the Lorain plant, Ohio; girder rails.

Q. State a little more fully what you mean by "Street railway material."

A. Frogs, points, switches and crossings.

Q. Was the product of the Lorain Steel Company at Johnstown, Pennsylvania, similar in any respect to any of the products of the Carnegie Steel Company?

A. No.

Q. Mr. Farrell, there has been considerable testimony here about the fact that the Carnegie Steel Company and the Illinois Steel Company both made rails. They did, did they not?

A. They did.

Q. Were there any products that were made by the Carnegie Steel Company that were not made by the Illinois Steel Company at the time of the formation of the United States Steel Corporation?

A. Quite a number.

Q. Can you name them?

A. Well, the Illinois Steel Company were not manufacturers of sheet bars; they were not manufacturers of structural steel; they were not manufacturers of universal mill plates, which represents a very large tonnage; neither did they manufacture armor plate.

Q. Were there any products that were manufactured by the Illinois Steel Company that were not made by the Carnegie Company?

A. Yes; the Carnegie Company did not make spikes and bolts, and were small producers of bars.

Q. Did either one of these companies manufacture axles?

A. The Carnegie Steel Company manufactured axles.

Q. Did the Illinois Steel Company?

A. No, sir.

Q. Did either one of these companies manufacture wire rods?

A. The Illinois Steel Company did.

Q. On a large or a small scale?

A. On a fairly large scale.

Q. Did the Carnegie Steel Company manufacture wire rods?

A. It did not.

Q. Did either one of these companies at that time manufacture cement?

A. The Illinois Steel Company.

Q. Did the Carnegie Company?

A. No.

Q. Did either one of these companies at that time make pointed spring steel?

A. The Carnegie Company did.

Q. Did the Illinois Steel Company?

A. No.

Q. Did the Carnegie Steel Company at that time manufacture girder rails?

A. No.

Q. You stated, I believe, that those were made by the Lorain Company?

A. By the Lorain Steel Company, at Lorain, Ohio.

Q. Were they both manufacturing billets, slabs and sheet bars?

A. Yes; not sheet bars. The Illinois Steel Company did not make any sheet bars. The Carnegie Company made sheet bars in a limited way.

Q. Were the blooms and billets made by these companies in part at least consumed by themselves?

A. Largely.

Q. Were either one of the companies manufacturers of ferro-manganese?

A. The Carnegie Steel Company.

Q. I think right now I will ask you about that: How is ferro-manganese made?

A. It is made in a blast furnace.

Q. It is made generally by all companies that operate steel plants?

A. No; on account of the small percentage of ferro-manganese that is used in steel making, it is not an economical thing for steel manufacturers to make it unless they have a very large consumption. It is generally purchased in the open market.

Q. Is ferro-manganese made in the same kind of blast furnace that you use for making iron?

A. Yes; with a different lining.

Q. Then, if it is made in an ordinary blast furnace, will you explain why it is not economical for each steel plant to make its own ferro-manganese?

A. A blast furnace produces 350 tons of ferro-manganese per day. It would not be economical for a steel works to operate a blast furnace on ferro-manganese if they are only using forty or fifty tons a day. They could use the blast furnace for making their iron, and buy the ferro-manganese in the market, to better advantage.

Q. Is there anything in the change of the lining, or otherwise, that makes it inexpedient to run for a time on ferro-manganese? Can you switch back and forth, from ferro-manganese to pig iron without any trouble?

A. No; you cannot.

Q. That is what I want to get at. That is what I want to find out, whether it would be an economical thing to run for a few days on ferro-manganese?

A. No; that could not be done.

Q. (Continuing). And then turn it into the other kind of material?

A. No; it would take some time,—four to six weeks,—to change that lining.

Q. That is the reason why only a large concern can afford to make it?

A. Yes.

Q. Where does the ferro-manganese come from that is consumed by steel companies that do not make it?

A. From England and Germany.

Q. Do you happen to know whether any of the steel makers of this country are manufacturing ferro-manganese outside of the Corporation?

A. I do not believe they are.

Q. They buy all of it?

A. Yes.

Q. Is the corporation a seller of ferro-manganese, or does it manufacture for its own use?

A. For its own use.

Q. In various plants?

A. Yes. It is used in our various works.

Q. Where was the principal market of the Illinois Steel Company? I am not speaking, now, of Lorain or Johnstown, but of the Illinois Steel Company's plant at Chicago, and Milwaukee, and vicinity?

A. Their principal market?

Q. Yes.

A. In the west.

Q. What part of the West?

A. Chicago and vicinity, through the Northwest and Western parts of the country; in Indiana and the western part of Ohio.

Q. Did the Illinois Steel Company have any business in the eastern part of the country?

A. No; except that they occasionally sold some rails in the east.

Q. Outside of rails none?

A. No. I never heard of them as sellers of billets. The concern that I was connected with was a large buyer of billets, but never could get any billets from the Illinois Steel Company.

Q. You refer to the Pittsburgh Wire Company?

A. Yes.

Q. They did not enter the market there?

A. No. The freights were against them, as compared with the Pittsburgh producer.

Q. Was there or not a sufficient demand and consumption in the West to absorb the production of the Illinois Steel Company?

A. Usually.

Q. Through what parts of the West did they sell?

A. They sold through the Northwestern States, and through the West, and through Indiana and Missouri, Western Ohio, Iowa—all those places.

Q. In the sale of rails, where did they ordinarily sell their rails?

A. Principally to the railroads contiguous to Chicago, to their works.

Q. There is a great deal of railroad mileage west of Chicago, and was at that time?

A. Enormous.

Q. Was the Illinois Steel Company at that time able to supply all the rails consumed in the West?

A. No.

Q. Where was the principal market of the Carnegie Steel Company?

A. In the central west and in the east.

Q. What do you mean by "the central west?"

A. I mean eastern Ohio and West Virginia and western Pennsylvania. Perhaps my denomination of "central west" is not correct.

Q. Did they also sell in the territory west of Chicago?

A. Not to any great extent.

Q. They did sell some out there, did they not?

A. Occasionally. There was a trade war once or twice, I think, and they sold at a sacrifice.

Q. They maintained offices in the west, did they not?

A. Yes; they maintained some offices for the sale of rails.

Q. What would you say as to whether the business of the Carnegie Company west of Chicago was a large or small percentage of their business?

A. It was a small percentage of their business.

Q. Did or did not the Carnegie Steel Company have a large business locally in Pittsburgh?

A. It did.

Q. To whom, in general, did they sell, in that market?

A. They sold to manufacturers who bought their billets and sheet bars and material of that character for further manufacture.

Q. What was the great steel manufacturing district of the country at that time?

A. The Pittsburgh district.

Q. Where was the greatest consumption of billets and semi-finished steel at that time?

A. In the Pittsburgh district.

Q. What other companies were located within economic distance of the Pittsburgh district that were selling in that market in competition with Carnegie at that time?

A. The Cambria Steel Company, Jones & Laughlin, the Carbon Steel Company, and various others.

Q. Were you familiar with the plants that were taken into the National Steel Company?

A. Yes.

Q. Were they selling in that district?

A. Yes; the National Steel Company manufactured sheet bars very largely. It consisted of the Ohio Steel Company; the Bellaire Steel Company; the Aetna Standard Works; King, Gilbert & Warner, Columbus, Ohio, and the Buhl Steel Company of Sharon, Pennsylvania.

Q. Where was their principal market?

A. Their principal market was adjacent to these various works. Their customers were largely sheet and tin plate manufacturers. Their largest customers were the American Sheet Steel Company and the American Tin Plate Company.

Q. I am reminded that in speaking of the plants of the National, you did not speak of the New Castle plant.

A. The Shenango Valley Steel Company.

Q. Was there any unity of control of these companies?

A. They were controlled largely by the same interests.

Q. What interest was that, as commonly known in the trade?

A. The Moore interest, Moore & Company.

Q. To what concern did the Ohio Steel Company plant furnish a large part of its product, other than that which went to the companies you have mentioned?

A. To concerns like the Mahoning Valley Iron Company of Youngstown, the Union Iron & Steel Company, with plants at Girard, Youngstown and Warren, and Brown, Bonnell & Company, of Youngstown.

Q. Who were Brown, Bonnell & Company?

A. Brown, Bonnell & Company were manufacturers of hoops and bands and bars. That was the major portion of their output.

Q. Where were they located?

A. Youngstown.

Q. That is the same place where the Ohio Steel Company had its plant?

A. Yes; that plant (Brown, Bonnell & Co.) is now owned by the Republic Iron & Steel Company.

Q. What had the Aetna Standard Iron & Steel Company, which is one of the companies you mentioned that went into the National?

A. It had bar mills at Bridgeport, Ohio, on the Ohio River, large bar mills. They manufactured a diversity of product, light shapes, but principally bars and sheets.

Q. Where did the La Belle Iron Works get its steel at that time?

A. It bought from the National and bought largely from the Mingo works also.

Q. Did it buy some from the Carnegie Steel Company?

A. Some, yes.

Q. What did the Buhl plant do with its product?

A. They sold to industries located at Sharon, Pennsylvania, the Sharon Steel Hoop Company and others.

Q. Where was their plant?

A. At Sharon, Pennsylvania.

Q. What was the King, Gilbert & Warner Company, which you said went into the National Steel?

A. They had a concern at Columbus, Ohio, with two small blast furnaces and a Bessemer plant.

Q. Where did they dispose of their product?

A. Largely in the vicinity of Columbus, Ohio; they made some sheet bars.

Q. What about the Bellaire Steel Company; where did they dispose of their product?

A. To the American Sheet & Tin Plate Company, principally.

Q. What was it called at that time?

It was not called the American Sheet & Tin Plate Company, then?

A. The American Sheet Steel Company and American Tin Plate Company.

Q. They were separate companies at that time?

A. Separate companies, yes.

Q. Did those companies in the National Steel Company get into the Pittsburgh market to any extent?

A. No, except in a moderate way.

MR. DICKINSON: I object to the form of the question as leading, as most of them are. I hope counsel will not lead the witness, so that we will not have too many objections.

By MR. SEVERANCE:

Q. To what extent, if any, did the National Steel Company do business in the Pittsburgh market?

A. In a very small way.

Q. In what lines, if any?

A. In billets occasionally; not important factors.

Q. To what local concerns of importance in Pittsburgh, if you can remember some of them, did the Carnegie Steel Company sell billets?

A. They sold large quantities of wire rod billets to plants that went into the American Steel & Wire Company, at Rankin and Braddock, and billets to rolling mills. They had a large trade in Pittsburgh.

Q. Who were Dillworth, Porter & Company?

A. Dillworth, Porter & Company, spike manufacturers in Pittsburgh, the largest in the country, and they are large customers and always have been large customers of the Carnegie Steel Company. They probably sell them from 70,000 to 80,000 tons a year.

Q. Back in those old days, when you were over there in Pittsburgh, where did Dillworth, Porter & Company get their supply of billets?

A. From the Carnegie Steel Company, and they were competitors of the Illinois Steel Company, who were large spike makers, and still are.

Q. Who were J. Painter & Sons Company?

A. Hoop manufacturers.

Q. Where did they get their billets in those days?

A. From the Carnegie.

Q. Who were Lindsay & McCutcheon?

A. They had a hoop mill at Allegheny, Pennsylvania.

Q. Where did they get their billets?

A. From Carnegie.

Q. That was a large concern?

A. No, not a large concern.

Q. Who were William Clark & Sons Company?

A. Hoop manufacturers.

Q. Whereabouts?

A. Pittsburgh.

Q. Where did they buy billets?

A. From Carnegie.

Q. Did the Carnegie Steel Company make as many billets as were required in the Pittsburgh market?

A. Substantially so.

Q. Can you remember now what the freight was from Youngstown and Wheeling to Pittsburgh on billets at that time?

A. About eighty-five cents a ton.

Q. I do not know but you have already stated—I think you did, did you not—that the principal output of the companies forming the National Steel was bars?

A. Sheet bars.

Q. Were they made by the Illinois Steel Company?

A. No.

Q. Was the Carnegie Steel Company a manufacturer of sheet bars?

A. Yes.

Q. Regularly or intermittently?

A. They made some sheet bars for the trade, and sold to concerns like Zug & Company in Pittsburgh, and other companies there.

Q. Did the Carnegie Steel Company sell sheet bars to any extent outside of Pittsburgh?

A. Not to any extent.

Q. Can you give your opinion, or can you state approximately about what proportion of the output of the National Steel Company's mills was consumed by the American Tin Plate Company and the American Steel Hoop Company and the American Sheet Steel Company?

A. About eighty-five per cent.

Q. These companies that you have named as customers of the National Steel in Youngstown, and these other points,

did not come under the control of any of these three large companies, did they?

A. I do not understand the question.

Q. You have named certain customers of the National Steel Company, in the Mahoning Valley; were those outside of the American Sheet Steel Company, the American Tin Plate Company and the American Steel Hoop Company?

A. Yes.

Q. Did the companies which formed the National Steel engage in the export business?

A. To a limited extent.

Q. After the organization of the National, or before?

A. After.

Q. Previous to the organization of the National Steel had any of the companies that went into that concern engaged in export trade?

A. No.

Q. What classes of export goods were sold by the National Steel Company?

A. Sheet bars.

Q. Was the Carnegie Company engaged in the export business of sheet bars at that time?

A. Intermittently.

Q. When was it that the National Steel Company sold some bars abroad?

A. I think in 1900.

Q. Did the Carnegie Steel Company sell bars abroad at that time?

A. Prior to that time they had sold; I do not think they were selling any that year, excepting probably small quantities. I do not think they were selling abroad at that time. They sold largely in 1897 and 1898.

Q. Who were the Oliver Iron & Steel Company?

A. The Oliver Iron & Steel Company was a large bolt manufacturing company in Pittsburgh.

Q. Where did it secure its supply of billets?

A. Carnegie Steel Company.

Q. Was the Illinois Steel Company engaged in the bolt trade?

A. It was.

Q. Was the Carnegie Company?

A. No.

Q. Is the Oliver Iron & Steel Company still in business?

A. It is; one of the largest customers of the Carnegie Steel Company.

Q. Has there been any time that it has not been a customer of the Carnegie Steel Company?

A. No; they buy from them almost exclusively.

Q. And have since the period you have named?

A. Yes; and have been active competitors of the Illinois Steel Company in bolts.

Q. Has the output of bolts and spikes of the Illinois Steel Company been increased since the formation of the Corporation?

A. Moderately.

Q. What other companies are there that are engaged in that business, aside from the Oliver Company and Dillworth, Porter & Company?

A. There are a large number of companies. One of the largest is the American Iron & Steel Company of Lebanon, Pennsylvania.

Q. When did they go into business?

A. They have been in business for many years.

Q. Previous to the organization of the Corporation?

A. Previous to the organization of the Corporation.

Q. Where do they secure their supply of steel?

A. They manufacture most of their material, and occasionally have bought billets from the Carnegie.

Q. Can you name some more?

A. Bolt manufacturers?

Q. Bolts or spikes.

A. The Lake Erie Iron Company of Erie, Pennsylvania; the Buffalo Bolt Company, Buffalo, New York, a very large company.

Q. Where do those two companies secure their supply of steel?

A. The Buffalo Bolt Company secures their supply from the Lackawanna Steel Company at Buffalo.

Q. Where does the other one you have just mentioned, the Lake Erie Company?

A. From the Carnegie Steel Company. Then there is a large company at Portchester, New York, Russell Burdsall & Ward Bolt Company.

Q. What do they make, this last named company?

A. Bolts, all kinds of bolts.

Q. Are they competitive with any subsidiaries of the Steel Corporation?

A. No; they make a lighter bolt. The Illinois Steel Company manufactures track bolts for railways.

Q. Does any other subsidiary of the Steel Corporation manufacture bolts?

A. No.

Q. What kind of bolts do these other companies make that you have just been speaking of, like the one at Buffalo?

A. They make all kinds of bolts, track bolts and bolts for agricultural machinery, bolts for machinists, known as machine bolts.

Q. What other companies are there that manufacture track bolts, aside from the ones you have named, and the Illinois Steel Company, if any?

A. The Upson Nut Company, Cleveland, a very large concern, having its own open hearth steel works.

Q. Do the other rail makers make track bolts, or do they not?

A. I do not recall that any of them do, except the Colorado Fuel & Iron Company.

Q. I do not think you have stated in full the lines of manufacture of that company.

A. Steel rails, bar mill products, and by "bar mill products" I mean bars and various kinds of shapes that are rolled on a bar mill. They are large wire manufacturers, and they have mills for manufacturing sheets and tin plates which they have not operated up to the present time, as I understand it, because of an insufficient steel supply. They are important factors on the Pacific Coast.

Q. And the Intermountain country?

A. Yes.

Q. Could you give any estimate of the percentage of the track bolts of the country that are made by the Illinois Steel Company?

A. Perhaps ten per cent.

Q. Could you give an estimate of the percentage of spikes of the country made by the Illinois Steel Company?

A. Not in excess of ten per cent.

Q. Does the Colorado Fuel & Iron Company manufacture pig iron for sale?

A. They sell some pig iron.

Q. In what market?

A. In Denver and vicinity.

Q. Are there any other steel plants in that region?

A. No.

Q. Are there any other blast furnaces in that region?

A. Not that I recall. There is a mill at Laramie, Wyoming, but I think they buy their steel from the Colorado Fuel & Iron Company and roll it into bars. There is a very large bar mill there.

Q. Where is their market?

A. In that country.

Q. The Intermountain country?

A. Yes.

Q. You have been engaged for many years in the sale of railway materials?

A. Yes.

Q. What is the general inclination—I will put it like that, if there is any such thing—on the part of railway managers in selecting the mills from which they will purchase their supplies of rails and track accessories generally?

A. They generally buy from the plants that are located on their lines or contiguous to their lines, generally where they get a freight haul on the raw material coming in and the finished material going out.

MR. DICKINSON: He testified to that yesterday, did he not?

MR. SEVERANCE: No. He was asked about another matter.

MR. DICKINSON: I think he said the same thing.

MR. SEVERANCE: We will admit it is true if he did say it twice.

MR. DICKINSON: I do not see any use of repeating it.

THE WITNESS: I replied to the question.

By MR. SEVERANCE:

Q. At the time of the organization of the Steel Corporation was the Carnegie Steel Company engaged in the manufacture of car wheels?

A. No.

Q. How long after that did it go into that business?

A. 1908.

Q. How large an output of car wheels has the Carnegie Steel Company?

A. About 300,000 wheels a year.

Q. How many wheels are used a year in the country?

A. About 1,600,000.

Q. Is there any other company engaged in the manufacture of steel car wheels besides the Carnegie?

A. A few others.

Q. What are they?

A. The Forged Steel Wheel Company, Butler, Pennsylvania; the Standard Steel Wheel Company, Burnham, Pennsylvania, near Philadelphia.

Q. Mr. Filbert suggests to ask whether the Midvale Steel Company makes any?

A. The Midvale Steel Company, yes.

Q. Can you give an estimate of the output of these wheel manufacturers?

A. Yes.

Q. About how much is it in the aggregate?

A. I should say that the Carnegie Steel Company makes about thirty per cent of the steel wheels.

Q. You say they make how much?

A. About 300,000 wheels.

Q. There are about a million of them made?

A. Steel wheels, yes.

Q. What other wheels are there in competition with steel wheels?

A. Iron wheels, charcoal iron and cast iron.

Q. Did you state a moment ago the entire consumption of the country?

A. No.

Q. What is the annual output of wheels, including iron and steel?

A. 2,600,000. I had reference to 1,600,000 of the other kinds of wheels when I mentioned that.

Q. As I understand you now, there are about a million steel wheels and 1,600,000 iron wheels?

A. Yes.

Q. Is it or is it not a competitive business between the two kinds of wheels?

A. It is; it is a matter of cost.

Q. Which costs the more, an iron or steel wheel?

A. A steel wheel.

Q. Who are manufacturers of iron wheels?

A. There are quite a large number of companies, the Griffin Car Wheel Company of Buffalo. There are various plants.

Q. Can you name them?

A. Not generally I cannot.

Q. The Griffin Car Wheel Company has plants at different parts of the country?

A. Yes, and there are a number of car wheel manufacturers. Their names do not occur to me off hand.

Q. The Griffin Company is a very large company?

A. Yes.

Q. Do any of the companies that manufacture cars make wheels too?

A. Yes, the Pressed Steel Car Company, the American Car and Foundry Company; they are large manufacturers of car wheels in Berwick, Pennsylvania.

Q. What kind of wheel, iron or steel?

A. Iron.

Q. How about Barney & Smith?

A. Barney & Smith, Dayton, Ohio, and the Laclede Car Wheel Company, St. Louis.

Q. Haskell & Barker, Michigan City, do they manufacture car wheels?

A. I don't believe they do; I am not certain.

Q. As I understood you, there is a total consumption then

of 2,600,000 wheels?

A. Approximately

Q. Of which 300,000 are made by the Carnegie Company?

A. Yes.

Q. About 11 per cent?

A. Of the total.

Q. Do any of the subsidiaries of the Steel Corporation make car bolsters or trucks?

A. No.

Q. Do you furnish the steel for them?

A. We furnish steel for that purpose.

Q. To what companies?

A. Companies like the American Steel Foundries, and to the big car manufacturers, many of whom assemble their own component parts of the car.

Q. Are bolsters and trucks made of iron, or not?

A. Principally steel; there are a good many cast iron bolsters, but the trucks are principally steel.

Q. Do you know a company called the Grand Crossing Tack Company, of Chicago?

A. Yes.

Q. What is their business?

A. They manufacture wire nails and wire tacks and wire products. It is owned by Hutchinson Brothers. They have a steel works.

Q. They manufacture steel?

A. Yes; they have an open hearth steel plant.

Q. How long have they had that?

A. Prior to the organization of the Steel Corporation they had the works. The steel plant has been built since.

Q. Is that an active concern?

A. A very active company; very actively conducted.

Q. Do you know a company called the Western Steel Corporation, of Irondale, Washington?

A. Yes.

Q. What is the business of that company?

A. At present they are in the hands of a receiver.

Q. How recently did they go into the hands of a receiver?

A. About six weeks ago. It was a realty operation.

Q. What kind of a plant is there there?

A. They have a small blast furnace, two open hearth furnaces, and some bar mills. They were the concern that bought some of this Chinese pig iron.

Q. What is the Pacific Coast Steel Company, of San Francisco?

A. The Pacific Coast Steel Company is a merger of a number of companies on the coast. The North Seattle Steel Company, the Portland Rolling Mill Company, and the Pacific Hardware & Steel Company at San Francisco; bar mills principally.

Q. Have they also an open hearth furnace?

A. Yes; at San Francisco.

Q. Where do they get their pig iron?

A. Some from the South and some Chinese pig iron. They use large quantities of scrap.

Q. You mentioned today, in another connection, the Otis Steel Company of Cleveland. Do they make steel?

A. They have a large steel works. They make steel, and they are large manufacturers of boiler plates. They are now building a ten million dollar plant, a new plant.

Q. What kind of steel do they make?

A. Open hearth.

Q. At Cleveland?

A. At Cleveland.

Q. How long have they been established?

A. Probably twenty years.

Q. How long have they been making steel? All that time or not?

A. Possibly ten years.

Q. You have mentioned the Upson Nut Company. Does that company manufacture steel?

A. Yes, recently they went into the manufacture of steel. The Upson Nut Company have two plants, at Unionville, Connecticut, and Cleveland, Ohio. They are large bolt manufacturers. They were formerly customers of the Carnegie Steel Company, and they have recently built open hearth furnaces, and are producing their own steel and rolling their own bars.

Q. Whereabouts is this plant?

A. At Cleveland, Ohio.

Q. Is it a large or a small concern?

A. It is a large concern.

Q. Do they sell any in the market, or do they consume all their own product of steel?

A. They have sold some in the market.

Q. Do you know a company called the Huron Iron & Steel Company, of Norwalk, Ohio?

A. No sir; I do not, except by name.

Q. You have never had any connection with their business?

A. No, sir.

Q. Does the Wheeling Steel & Iron Company, of Wheeling, West Virginia make any steel?

A. Yes, sir.

Q. Bessemer or open hearth?

A. Principally Bessemer.

Q. Is it a large or a small concern?

A. It is a large company.

Q. How long has it been in existence?

A. A good many years.

Q. Is it a growing concern or otherwise?

A. It is a growing concern; a large competitor in pipe.

Q. What do they do with their steel; do they sell it or manufacture it?

A. They sell some steel; they sell their surplus steel.

Q. Does the La Belle Iron Works manufacture steel?

A. Yes.

Q. On a large or a small scale?

A. On a large scale; they have blast furnaces and steel works.

Q. Open hearth or Bessemer?

A. Both; principally open hearth.

Q. Is that a very large concern or not?

A. It is a very large concern.

Q. Do they sell steel in the market?

A. Occasionally.

Q. How long have they been in existence as steel makers?

A. Possibly fifteen years.

Q. During that time they have grown a good deal, have they not?

A. Yes; it is a very large concern.

Q. Does the Sharon Steel Hoop Company, of Sharon, make steel?

A. No, sir.

Q. What do you know of the Republic Iron & Steel Company; as to the classes of products that they manufacture? Do they make steel?

A. They manufacture steel. They have a new open hearth plant at Youngtown, or Lansingville, near Youngstown. They have thirty or forty mills scattered throughout the country. They are very large manufacturers of bars.

Q. Are they large manufacturers of steel?

A. Probably half a million tons a year. Their finished product is about a million tons a year.

Q. How is that?

A. They are very large iron manufacturers as well as steel manufacturers.

Q. Have they not more than half a million tons of steel capacity, since that new plant was built?

A. I was speaking of open hearth. They have Bessemer capacity, too.

Q. They have a large Bessemer capacity?

A. Yes.

Q. Do they sell steel in the market?

A. Yes; they sell sheet bars.

Q. Do they sell billets?

A. I have not heard of them as sellers of billets. I think they sell some small billets, but they generally roll their material, semi-finished, in the form of sheet bars, and sell the sheet bars.

Q. You said their plants were located at various places in the country. Where are they, outside of Youngstown?

A. They have got plants in Illinois, plants in Birmingham, Alabama, and throughout Ohio, and Indiana, and some in West Virginia.

Q. What do they make at Birmingham; steel or iron?

A. Pig iron only; foundry iron.

Q. Does the Youngstown Sheet & Tube Company manufacture steel?

A. Yes.

Q. On a large or a small scale?

A. On a large scale; both Bessemer and open hearth. They also make iron.

Q. Does that company sell billets in the market?

A. Principally sheet bars. They sell a considerable quantity of sheet bars.

Q. Does the Ashland Steel Company, of Ashland, Kentucky, make steel?

A. Yes; Bessemer.

Q. Is that sold in the market?

A. It is sold to the wire mills of Ashland, Kentucky.

Q. It is sold locally, to local mills?

A. Yes; principally to the Kelly Nail Company in Ashland.

Q. Do you know the Andrews Steel Company, of Newport, Kentucky?

A. Yes; they are open hearth steel makers.

Q. On a large or small scale?

A. On a pretty large scale. They sell a great many forging billets for forging into car axles.

Q. In what market, chiefly?

A. Cincinnati. That is their principal market.

Q. Do you know the Portsmouth Steel Company, at Portsmouth, Ohio?

A. Yes.

Q. Do they manufacture steel?

A. They manufacture steel and bars and general products.

Q. Do they sell steel?

A. Yes; they sell steel.

Q. And steel bars?

A. And steel bars and sheets.

Q. Do they manufacture any finished product at all?

A. Oh, yes; they manufacture sheets and merchant bars.

Q. Is the American Rolling Mill Company of Middletown, Ohio, a manufacturer of steel?

A. They make what we call an ingot iron, which is steel—a basis of steel; a roofing plate, open hearth steel.

Q. Near steel?

A. Well, it is good steel.

Q. But it is not exactly steel?

A. It is good material.

Q. Used for what purposes?

A. Roofing plate.

Q. For the same purposes that sheet is used?

A. Yes.

Q. Is that an old concern?

A. It started in 1901, right after the formation of the American Sheet Steel Company.

Q. Do you know the United States Steel Company of Canton, Ohio, as a manufacturer?

A. Yes; of sheet steel.

Q. They make steel?

A. They make steel, yes; they manufacture steel.

Q. They have a steel plant?

A. They have a steel plant, yes.

Q. Do you know how long they have been in business?

A. For several years.

Q. Where do they sell their product, if you know?

A. In Ohio.

Q. What about the Lackawanna Steel Company of Buffalo?

A. It is a large company.

Q. Do they make both open hearth and Bessemer?

A. Yes.

Q. On a large or a small scale?

A. About 1,300,000 tons a year.

Q. In what shape do they dispose of their steel that they make?

A. Rails, structural shapes of all kinds, plates and bar mill products.

Q. Do they sell any billets in the market?

A. Occasionally, yes; they sell some sheet bars occasionally.

Q. Has that company its own mines?

A. They have got their own mines and railways and ships affiliated with them.

Q. What is the New York State Steel Company of Buffalo? Do they make steel?

A. They have blast furnaces and two open hearth furnaces. They are at present in the hands of a receiver. They went into the hands of a receiver about two weeks ago.

Q. Where was their market?

A. Their market was principally in Cleveland and Buffalo.

Whereupon an adjournment was taken until tomorrow, Thursday, May 15, 1913, at 10:30 o'clock a. m.)

FIFTY-SIXTH DAY

EMPIRE BUILDING,

71 BROADWAY, NEW YORK CITY.
THURSDAY, MAY 15, 1913.

Before Special Examiner John Arthur Brown.

Present on behalf of the United States, Mr. Dickinson and Mr. Colton.

Present on behalf of the Defendants, Mr. Lindabury, Mr. Severance, Mr. Bolling and Mr. Reed.

JAMES A. FARRELL

the witness under examination at the taking of the adjournment, resumed the stand.

DIRECT EXAMINATION (Continued).

By MR. SEVERANCE:

Q. At the time we adjourned, I was asking you with reference to certain companies, as to whether they had ingot capacity, whether they made steel. I stopped with the New York State Steel Company, which you said went into the hands of receivers the other day, I believe?

A. Yes.

Q. What about the Cambria Steel Company?

A. What was the question?

Q. What about the Cambria Steel Company, do they make steel?

A. Yes, both Bessemer and open hearth.

Q. On a large or a small scale?

A. A large scale; they have ore properties and steamships.

Q. I will ask you about the ore properties a little later. Do you know the Carbon Steel Company of Pittsburgh?

A. Yes; plate makers.

Q. Do they manufacture steel?

A. Yes.

Q. Do you remember whether it is open hearth or Bessemer?

A. I think it is acid open hearth.

Q. Jones & Laughlin, Pittsburgh?

A. Bessemer and open hearth steel.

Q. Where are the Jones & Laughlin plants at which they manufacture steel?

A. On the South Side of Pittsburgh, at their new plant at Aliquippa, Pennsylvania.

Q. Is that a very large concern?

A. Very large.

Q. The Allegheny Steel Company at Breckenridge, Pennsylvania; do you know them?

A. Yes.

Q. Do they manufacture steel?

A. Yes, open hearth steel.

Q. Do you know the Page Woven Wire Fence Company of Monessen, whether they make steel?

A. They have open hearth furnaces.

Q. Do you know about the Pittsburgh Steel Company, as to whether they are steel makers?

A. Yes; they have open hearth furnaces.

Q. When were they built?

A. Built in 1900, started; built in 1901.

Q. Have they increased since then?

A. Yes, they are building blast furnaces now, nearly ready for operation.

Q. Do you know the West Leechburgh Steel Company at West Leechburgh?

A. Yes; a new company.

Q. Do they make steel?

A. I am not sure about that; I think they do, but I am not certain.

Q. The N. & G. Taylor Company of Cumberland; do you know whether they are steel makers?

A. They have an open hearth plant, yes.

Q. The West Penn Steel Company at Breckenridge, Pennsylvania?

A. Yes; they have an open hearth plant.

Q. Do you know the Crucible Steel Company of America?

A. Yes. They are building a very large plant at Midland, Pennsylvania, near Pittsburgh.

Q. Where are their plants now?

A. At Pittsburgh, Syracuse, and Newark, New Jersey.

Q. Have they a plant at Aliquippa?

A. No; at Midland.

Q. Is that near Aliquippa?

A. Right across the river; nearly opposite.

Q. You say they are building a large plant; what kind of plant?

A. A steel plant. They have a blast furnace and are building an open hearth steel plant, blooming mills and rolling mills.

Q. On a large or a small scale?

A. On a very large scale.

Q. What place do you say they are in New Jersey?

A. Newark.

Q. Do you know a Company known as the Forged Steel Wheel Company, of Butler?

A. Yes, owned by the Mellons of Pittsburgh.

Q. Do they make steel?

A. They have an open hearth plant.

Q. When was that built?

A. Within the last few years.

Q. Since the Corporation was formed?

A. Since the Corporation was formed.

Q. Do you know the Colonial Steel Company of Colona, Pennsylvania.

A. Yes.

Q. Do they make steel?

A. They have an open hearth plant.

Q. Is the Bethlehem Steel Company a steel maker?

A. Yes, very large.

Q. Open hearth or Bessemer?

A. They have Bessemer converters, but they use the duplexing process, so that it is really an open hearth steel.

Q. The Central Iron & Steel Company of Harrisburg?

A. They have open hearth furnaces, and they are plate makers.

Q. The Maryland Steel Company, at Sparrows Point?

A. Bessemer and open hearth.

Q. On a large or small scale?

A. Large.

Q. The Pennsylvania Steel Company, at Steelton?

A. They have open hearth and Bessemer, on a large scale.

Q. The Phoenix Iron Company, of Phoenixville?

A. Open hearth.

Q. How long have they been in operation?

A. About twenty-five or thirty years.

Q. How long have they been making open hearth steel?

A. Over ten years, I should say.

Q. The Eastern Steel Company at Pottsville; do they make steel?

A. They make open hearth steel.

Q. The Harrisburg Pipe and Pipe Bending Company of Harrisburg?

A. They have an open hearth plant.

Q. Lukens Iron & Steel Company, Coatesville?

A. Open hearth.

Q. A large concern or small?

A. A large concern, they manufacture boiler plates.

Q. Is it an old concern?

A. Very old, fifty or sixty years.

Q. I don't suppose they have had an open hearth plant very long?

A. No; their open hearth plant I think has been built since the formation of the Corporation.

Q. Worth Brothers, Coatesville?

A. Open hearth.

Q. Is that an old or a new company?

A. A very old company.

Q. How long have they had an open hearth plant?

A. I think since the formation of the Corporation.

Q. The Delaware River Steel Company, of Chester?

A. I don't know very much about them.

Q. The Alan Wood Steel Company of Ivy Rock, Pennsylvania?

A. That is a large concern, with an open hearth plant.

Q. How long have they had this open hearth plant, do you know?

A. Since 1901.

Q. The Milliken Brothers Company, Staten Island?

A. An open hearth plant.

Q. Is that in operation?

A. No, not the steel department; the bridge and fabricating department is going.

Q. But the open hearth plant is not going?

A. No, it has been idle for some time.

Q. The C. Pardee Works, Perth Amboy, New Jersey; do you know them?

A. Yes, they are manufacturers of cold rolled shafting and bars; they have an open hearth plant.

Q. Roebling's Sons Company, Roebling, New Jersey?

A. Trenton.

Q. How is that?

A. That is a part of Trenton. They have an open hearth plant.

Q. The Wickwire Brothers Company, Cortland, New York?

A. Open hearth.

Q. How long have they been making steel, do you know?

A. They went into the manufacture shortly after the formation of the Corporation. They also have blast furnaces.

Q. The Diamond State Steel Company, Wilmington, Delaware?

A. Not in operation.

Q. Is there a plant there?

A. There is a plant there. They have an open hearth plant.

Q. How long since it has been in operation?

A. Not since 1907, since the panic. It never recovered from the panic.

Q. The American Tube & Stamping Company, Bridgeport, Connecticut?

A. Open hearth.

Q. When was that open hearth plant built?

A. It was built a good many years ago. They are manufacturers of cold rolled strips and hoops for re-rolling—cold rolling.

Q. The Tremont Nail Company, West Wareham, Mass.

A. At Wareham, Mass. They have an open hearth plant. They are manufacturers of plates and nails.

Q. The Washburn Wire Company, Phillipsdale, R. I.?

A. Open Hearth plant; and they also have an acid open hearth plant.

Q. The Passaic Structural Steel Company, of Paterson, New Jersey?

A. Basic open hearth.

Q. The Midvale Steel Company, Nicetown, Pennsylvania?

A. They have a basic open hearth plant and an acid open hearth plant; it is a large concern.

Q. The Lebanon Iron & Steel Company, Lebanon, Pennsylvania?

A. Open hearth.

Q. The Portland Iron & Steel Company, of Portland, Maine?

A. I am not familiar with their plant.

Q. The Chrome Steel Company, of Chrome, New Jersey?

A. Crucible steel, principally.

Q. The Sweet Steel Company, Newberry, Pennsylvania?

A. That is at Williamsport.

Q. Where?

A. That is at Williamsport.

Q. They have it down on this list Newberry.

A. It is at Williamsport, an open hearth plant.

Q. The Atlanta Steel Company, Atlanta, Georgia?

A. Open hearth.

Q. The Southern Iron & Steel Company, Gadsden, Alabama?

A. It is now the Standard. Open hearth.

Q. Its name has been changed to the Standard?

A. The Standard Steel Company.

Q. Is that a large or small concern?

A. A large company.

Q. The Loucks Iron & Steel Company, Roanoke, Virginia?

A. Open hearth.

Q. Do you know, Mr. Farrell, whether or not the Wisconsin Steel Company has ore reserves?

A. They have.

Q. Whereabouts do they have ore?

A. On the Mesabi Range, near Hibbing. I visited there myself some time ago.

Q. Does the Colorado Fuel & Iron Company have its own ore?

A. It has ores in Colorado, New Mexico and Wyoming.

Q. I think you stated yesterday that the Inland Steel Company have ore mines?

A. They have ore mines and steamships.

Q. Has the Western Steel Corporation of Irondale, Washington, any iron supply?

A. Ore in Washington.

Q. The La Belle Iron Works of Steubenville?

A. They have ore in the Lake Superior country.

Q. The Republic Iron & Steel Company?

A. They have large holdings in Minnesota.

Q. Do they have holdings anywhere else in the country?

A. I think some in Michigan.

Q. Have they any in the South?

A. Alabama, yes, they have large ore holdings in Alabama.

Q. What do they make down there?

A. Pig iron.

Q. The Lackawanna Steel Co., I believe you have already stated, have ore supplies?

A. They have ore properties.

Q. What about this New York State Steel Company that you said was in the hands of a receiver, had that company ore?

A. They owned the Davidson mines on the Mesabi Range; that company was partly owned by the Davidsons of Beaver Falls, and Larkin, a soap manufacturer in Buffalo, and a linseed oil manufacturer in Buffalo named Kellogg.

Q. Has the Cambria any ore supply?

A. Very large holdings in the Mesabi country.

Q. Jones & Laughlin?

A. Yes; they own part of the Mahoning Mine and other properties.

Q. That Mahoning Mine is on the Mesabi, is it not?

A. On the Mesabi Range.

Q. The Pittsburgh Steel Company?

A. I believe they have property; I am not certain, but my impression is they have some property.

Q. The Bethlehem Steel Company?

A. They have large properties in Cuba and Chile, recently acquired.

Q. That is you mean the Chilean holdings are recently acquired, not the Cuban?

A. No; I mean the Chilean.

Q. The Maryland Steel Company and the Pennsylvania Steel Company?

A. They have large holdings in Cuba; the Pennsylvania have some holdings near Lebanon in the Cornwall District of Eastern Pennsylvania.

Q. The Eastern Steel Company, of Pottsville?

A. I believe they have some acquired through the Warwick Iron Company, which they recently acquired or merged with.

Q. The Lebanon Company?

A. They have property in that Eastern District of Pennsylvania.

Q. The Atlanta Steel Company?

A. They have iron property in Georgia, gray ore.

Q. The Southern Iron & Steel Company?

A. They have ores in the Red Mountain district, near Birmingham.

Q. Have you had compiled from the American Iron & Steel Association statistics, that is the Swank statistics, as of December 31st, 1911, a list of the mills equipped to roll iron and steel merchant bars in the United States, other than those under the control of the Steel Corporation or its subsidiaries?

A. I have.

Q. And have you also had placed on that by the comptroller's office the capacity of steel bars of the Steel Corporation?

A. I have.

Q. Have you examined that document (handing witness paper)?

A. Yes; I went over it very carefully when it was compiled.

Q. And are you satisfied that that is correct in all particulars?

A. I am.

Q. It was compiled under your direction was it?

A. Yes.

Q. From the Swank statistics?

A. From the American Iron & Steel Association, Swank's directory and statistics, and our own production from our own records, Mr. Filbert, our Comptroller's records.

MR. DICKINSON: May I ask some questions?

MR. SEVERANCE: Yes.

By MR. DICKINSON:

Q. What part did you take, yourself, in this work?

A. I went over the directory with Mr. Hughes and Mr. Perley, one of my assistants, and I am familiar with the work.

Q. You went over the directory?

A. Yes.

Q. How do you mean, you went over it?

A. I went through the directory and we selected the names of the concerns.

Q. What else did you do?

A. That was all; I did not write the names down.

Q. You selected the names before they were written down?

A. We went over the names together to find out what concerns were outside of the Corporation.

MR. SEVERANCE: In that line, you mean?

THE WITNESS: Yes.

By MR. DICKINSON:

Q. Let me finish with him. The part that you had to do in preparing this was going over the directory and selecting certain names in that directory; anything else?

A. That is all I had to do with it. I did not compile it or typewrite it.

Q. Or compare it after it was prepared?

A. I looked it over.

Q. I did not ask you if you looked it over. I asked you whether you compared it with any originals?

A. No, I did not.

MR. SEVERANCE: We can put on the clerk that made it later, if desired. This is taken from the same sources from which you got your statistics, Swank's Directory.

(Here the paper was marked temporarily for identification purposes, "Defendant's Exhibit No. 48").

MR. SEVERANCE: Now, I offer that Exhibit 48 in evidence.

MR. DICKINSON: I except to that as incompetent and secondary evidence.

MR. SEVERANCE: I offer it in evidence, and I will state in that connection that if deemed advisable we will put on here the person who actually took the figures off of the Swank statistics in the Corporation's office.

(The table referred to was received in evidence and marked "Defendants' Exhibit Farrell No. 48, May 15, 1913," and will be found in the volume of exhibits.)

By MR. SEVERANCE:

Q. This exhibit No 48 shows that of steel bars the United States Steel Corporation has 40.1 per cent of the capacity of the country, and other manufacturers 59.9 per cent; that of the iron bars made the Corporation has no capacity, makes none; that, adding the iron bars made by outside manufacturers to the steel bars made by other manufacturers, we have a total of 72.7 per cent of the bars of the country made by parties other than the Steel Corporation, and 27.3 per cent made by the Corporation.

A. Correct.

Q. Now, are iron bars competitive articles in the market with steel bars?

A. Yes.

Q I mean have they similar uses or not?

A. Similar uses.

Q. In selling them in the market is there any competition between the makers of iron bars and the makers of steel bars?

A. There is very severe competition.

Q. How does the price of iron bars ordinarily rule, as compared with steel bars?

A. Usually lower, because of the cheaper class of material which enters into their manufacture.

Q. As to the uses of steel bars and iron bars, are they used for similar or dissimilar purposes?

A. Similar purposes.

Q. The Corporation, according to this statement, makes no iron bars; is that correct or not?

A. It is; we do not make any iron bars.

Q. You stated that you went through this list?

A. Yes.

Q. Are you acquainted with the business transacted by these various companies that are mentioned in this list?

A. Nearly all of them.

Q. That is, you mean nearly all of them other than your information from Swank's directory?

A. Yes, as competitors.

Q. And as to the character of the business they do?

A. Yes.

Q. What do you say, from your knowledge of the steel business and of the amount of tonnage that is put on the market, and the competition the Steel Corporation meets with in the sale of bars, what do you say as to whether, in your judgment, irrespective of the statistics shown in Swank's directory, the figures as to comparative percentages that are shown here of the production of the Corporation and of the competitive manufacturers, both in iron and steel, are substantially correct?

A. I should say that they are.

Q. Both as to iron and steel?

A. Yes.

Q. Both; is that right?

A. Yes; both.

Q. Do you know what the nature of the products was that were produced by the Tennessee Coal & Iron Company at the time it was acquired by the Steel Corporation?

A. Yes.

Q. What were they?

A. Largely pig iron, rails, and they had a merchant mill, on which bars, small shapes and some sizes of plates were rolled. They had a capacity of about 50,000 tons a year in plates and shapes.

Q. I do not know that that answer is quite clear, the first part of it.

A. I answered two questions.

Q. I am afraid I put it wrongly. In the first place, what was their big production?

A. Pig iron.

Q. And in addition to pig iron they made what?

A. They made some rails, structural material and plates and bars.

Q. That is what I understood, and the way that answer read was that they made largely pig iron and rails. That left it ambiguous, and that is the reason I asked you about it. Where was their market for pig iron?

A. In the South, and as far north as St. Louis, and some throughout the West, and some on the Pacific Coast; and they exported some.

Q. At the time of the acquisition of the Tennessee Coal Iron & Railroad Company, and previous to that time, and since, for that matter, had the United States Steel Corporation, that is the plants they had before acquiring the Tennessee Coal & Iron, been a seller of pig iron?

A. Yes.

Q. A seller?

A. A seller of pig iron?

Q. I say, was the Corporation a seller?

A. No. I thought you meant the Tennessee Coal & Iron.

Q. No; I meant the other plants, the United States Steel Corporation plants were not sellers of pig iron.

A. Not prior to the acquisition of the Tennessee.

Q. Were the subsidiaries of the United States Steel Corporation purchasers of pig iron?

A. Occasionally.

Q. Was the plant of the Tennessee Coal, Iron & Railroad Company, the steel plant, equipped for foreign trade at the time is was acquired?

A. It was not.

Q. In what particular was it lacking?

A. It lacked suitable auxiliary machinery, finishing rolls, the proper manipulators of the hot beds, machinery for drilling oval holes, and machinery for milling the ends of the rails. On the first order we sent to Tennessee in 1908 we expended $56,000 on auxiliary mill equipment in order to finish that one order.

Q. Where was it destined?

A. Argentina.

Q. Previous to that time had you known of the Tennessee Company in the market as a competitor of the Corporation in the foreign business?

A. No.

Q. What was the condition of the steel plants of the Tennessee Coal, Iron & Railroad Company as to efficiency at the time it was acquired?

A. That, perhaps, could be answered best by the amount of money which has been expended to put them in an efficient condition.

Q. How much have you expended on that?

A. Up to the present time, about $23,500,000.

Q. What do I understand by that as to the necessity of expending money on the plant to put it in good condition?

A. On the rail mill and the Ensley plant, about $8,000,000 has been expended. The balance of the money has been expended in developing ore and other properties.

Q. What was the necessity of expending that much money on the rail plant? Was the rail plant at that time in good condition or not?

A. It was not in a condition to produce rails economically, and it necessitated large expenditures to arrive at that condition.

Q. Did you ascertain whether that plant was producing rails at a profit at the time it was acquired?

A. It was not. We went over the records of the cost of production of the rails prior to the acquisition of it by the Corporation. The records show that on an order of 56,000 tons, which was placed with the Tennessee Company by the Harriman Lines—

MR. DICKINSON: I except to his stating what the records show, that being secondary evidence, and the records themselves being the best evidence.

THE WITNESS: I have the records. An order was received for 56,000 tons of rails. 27,000 tons were produced at a cost of $32.45 per ton, which was $3.45 per ton higher than the price at which the rails were sold.

By MR. SEVERANCE:

Q. What was the fact as to whether the Tennessee Coal, Iron & Railroad Company at that time, in connection with that order or others, was required to take back any rails on account of their being defective?

A. No rails were actually taken back, but rails were shipped to the Pacific Coast, and various parts of the West, and complaints were made as to the quality of the rails. The company's inspectors were sent out to examine the rails, and allowances were made, and the rails were used in side tracks and not in the main line.

Q. You say that there have been large expenditures in other lines, aside from the rail mill. Without asking you to give the specific amount expended upon each one, will you state in some little detail, as near as you can, in what lines those amounts were expended, and for what purpose they were expended?

A. In building by-product coke ovens, very large sums; in the constructing of huge reservoirs, in order to insure a sufficient supply of water for operating purposes; opening up mines, and increasing the capacity of the blast furnaces, and in a general rehabilitation of the work and property.

Q. Was there any structural material made down there, at the time of the acquisition, by the Tennessee Coal, Iron & Railroad Company, outside of small bars and plates?

A. Not by that company.

Q. What local competition did that company have?

A. They had competition with the mills of the Republic Iron & Steel Company at Florence, Alabama. I do not know what became of that plant. I do not hear of it now. They had some competition with the plant at Gadsden.

Q. What competition did they have in the iron business?

A. Pig iron?

Q. Yes, in the South?

A. Very large competition on the part of the Sloss-Sheffield Iron Company, the Woodward Iron Company, Alabama Consolidated, and the furnaces at Sheffield and at various places throughout the South; two or three in Georgia, and some in Tennessee.

Q. Has that competition continued or ceased?

A. It has continued.

Q. Was the Tennessee Coal, Iron & Railroad Company a seller of rails in the northern market, outside of this order the Harriman Lines took?

A. I never heard of them as a seller.

Q. To what part of the country was that order shipped?

A. Mainly to the Pacific Coast and the western part of the United States.

Q. From your knowledge of the commercial situation, and the way rails were bought and sold at that time, what is your judgment as to whether, previous to the acquisition of the Tennessee Coal, Iron & Railroad Company, it was a substantial competitor of the northern mills of the Steel Corporation in the sale of steel rails?

MR. DICKINSON: That is objected to on the ground that it does not show as a foundation what knowledge the witness has on that subject. It does not ask for facts, but asks for a mere opinion, and I object to it as incompetent.

THE WITNESS: I should say that it was not.

By MR. SEVERANCE:

Q. Was or was not the capacity, as it then existed, of the Tennessee Coal, Iron & Railroad Company, in rails, sufficient to make any impression upon the rail market of the country?

A. It was not.

Q. At the time of the taking over of the Tennessee Coal, Iron & Railroad Company, was that company being operated at a profit, a substantial profit?

A. No.

MR. DICKINSON: Objected to on the same grounds, unless they show that he has knowledge of the facts.

By Mr. Severance:

Q. What kind of labor was employed there at that time?

A. Largely colored labor, and some convicts.

Q. The convict labor of the State of Alabama?

A. Of the County and State; Jefferson County, and the State of Alabama.

Q. Has the employment of convict labor increased or diminished since the Corporation took over the property?

A. It has been entirely done away with.

Q. Were all the contracts for convict labor extinguished at one time, or gradually, as they ran out?

A. At different periods; the last ones were wiped out on the 1st of January, 1913.

Q. That is, as fast as they expired were they discontinued?

A. As fast as the contracts expired they were discontinued.

Q. You found the contracts in existence when you took the company?

A. Yes; they were employing about 700 convicts when we took the property over.

Q. About 700?

A. 700.

Q. Has there been any change in the method of paying the employes of the company that had any effect on the cost of production at the works of the Tennessee Coal, Iron & Railroad Company?

A. Yes.

Q. What change has there been?

A. In the year prior to the taking over of the company by the Steel Corporation an item of $150,000 was earned as the result of a wage shaving system that existed there.

Q. What was that wage shaving system; and was that peculiar to the Tennessee Coal, Iron & Railroad Company, or did it apply in that region?

A. It was not peculiar to the Tennessee Coal, Iron & Railroad Company; it applied to the companies generally located in that district.

Q. What was that system?

A. Every few days a paymaster would go to a mine or a plant, and instead of waiting for the regular pay day, the

laborers, many of them, would accept a discount of ten or fifteen per cent on their wages and get the cash. The colored fraternity were rather disposed to cash in as often as they could there.

Q. How often would the regular pay day come around?

A. Every two weeks.

Q. And was this a regular custom of those companies operating in that district, to go around in that way to the colored employes?

A. It was a custom which existed at that time and exists today with some companies in that district.

Q. Does it exist today with the Tennessee Coal, Iron & Railroad Company?

A. It does not.

Q. Was that custom discontinued under the direction of the Steel Corporation management?

A. It was discontinued by President Crawford of that company immediately after the Corporation took it over.

Q. Have any changes been made in the plant leading to greater efficiency on the part of the laborers employed there which would be reflected in the cost of production?

A. A great many.

Q. State what they are?

A. $522,000 has been expended by the Corporation since the acquisition of the property in 1907 for sanitary improvements, emergency hospitals, bath houses and general welfare work.

Q. Under whose direction has that money been expended?

A. Under the direction of the president of the company, who is of course directed again by the officials of the Corporation.

Q. In making expenditures of that character under the organization and practice of the Steel Corporation and its subsidiaries, do the local managements, such as Mr. Crawford in this case, the president who you said disbursed this money, have the right to make such expenditures—

A. No.

Q. By whom must they be authorized?

A. They are authorized by the Finance Committee of the Corporation after a thorough investigation is made as to the necessity of the expenditure.

Q. What Corporation do you mean?

A. The United States Steel Corporation.

Q. That is, are reports submitted to the Finance Committee by the local management, or how does it come to them?

A. They generally send in what is known as an appropriation request which details all the necessity for the expenditures; that is carefully investigated by officials of the United States Steel Corporation, and if they concur with the officials of the subsidiary Company, a recommendation is then made to the President of the United States Steel Corporation, who refers it to the Chairman of the United States Steel Corporation, and if in his judgment the expenditure is considered a wise or economic one it is referred to the Finance Committee and acted upon.

Q. Is that true of any expenditures except small amounts?

A. Of all expenditures in excess of $5,000.

Q. And did this large sum of money which you say was expended by the Tennessee Coal, Iron & Railroad, for the purposes which you have named, pass through that course?

A. Yes.

Q. Was the financial condition of the Tennessee Coal, Iron and Railroad Company, at the time it was taken over, such that it would have been possible to have inaugurated these changes and performed this welfare work, as you call it, that has been done?

MR. COLTON: I object to that on the ground that the witness is not shown competent on this.

THE WITNESS: No.

By MR. SEVERANCE:

Q. Has any dividend yet been paid on the stock of the Tennessee Coal, Iron and Railroad Company?

A. No.

Q. It is getting in better condition than it was, as to earnings?

A. Costs are being improved upon, lowered, and it is getting in better condition.

Q. Has its business been increased or decreased since its acquisition by the United States Steel Corporation?

A. Increased.

Q. To a large or small extent?

A. To a large extent; the mill has been operated almost continuously since it was acquired.

Q. Have the changes which have been made resulted in larger capacity or not?

A. The capacity has been increased, and the product has been diversified.

Q. What new lines of manufacture have been inaugurated there?

A. The mill has been equipped to roll various sections and types of rails for foreign markets.

Q. Are the furnaces down there open hearth or Bessemer?

A. Open hearth.

Q. What is the steel capacity there now?

A. May I answer it in my own way?

Q. Yes. Answer it in your own way.

A. The pig iron capacity is about a million tons per annum. The steel capacity is about 600,000 tons per annum.

Q. What was the steel capacity at the time the Corporation took the plant over?

A. The Steel capacity?

Q. Yes.

A. About 150,000 tons.

Q. It is about five times as great now?

A. Yes.

Q. And is the ore down there in that region of such character that you can make Bessemer steel from it, or is it only open hearth?

A. Suitable for open hearth. We are obliged to bring our ingot molds and rolls from the North.

Q. That is what I wanted to get at. Explain that.

A. The iron is not suitable for the manufacture of ingot molds for casting the molten steel; that requires a low phosphorus iron that is obtainable in the north, and as a consequence, all our ingot molds, which are a large item in steel making, are sent from the north.

The same thing is true of our rolls.

Q. Where are they made?

A. Ingot molds are made in Youngstown and Pittsburgh and various places. There are manufacturers who make a

business of that. There is a large one in Wheeling, West Virginia.

Q. At the time of the acquisition of the Tennessee Coal, Iron & Railroad Company will you state briefly what branches of iron and steel manufacture were carried on in the northern mills of the Steel Corporation that were not carried on in the Tennessee plants?

A. Wire products, tubular products, sheet steel products, tin plate products, street railway materials, rails and special track work. We elucidated that the other day.

Q. You mean a peculiar kind of rail?

A. Yes; and of course a large range of sections and beams, plates, angles and materials of that kind.

Q. Do they make any armor plate down there?

A. No, they did not make any sheet bars, either.

Q. I am not sure—did you mention tin plate?

A. I did.

Q. Are there certain steel products known as track accessories?

A. Yes; spikes, bolts and fishplates, not made there.

Q. They were made by the Northern mills, were they not, as stated in your testimony heretofore?

A. Yes, and are still made and sent there.

Q. Are tie plates made there?

A. No.

Q. They were made, as you have stated, in the northern mills?

A. Yes, the Illinois Steel Company plants.

Q. In the sale of steel rails to railroad companies, is it or is it not customary to sell these track accessories, such as spikes, bolts, and so forth, along with the rails, in so far as the company manufacturing the rails makes them?

A. Wherever the companies make them, they sell them with the rails. The Illinois Steel Company makes spikes and bolts, and they generally sell them with the rails. The Carnegie Steel Company does not, so they sell the rails and fish plates, and the railroads buy the spikes and bolts from the Illinois Steel Company or competitors of the Illinois Steel Company.

Q. Did the Tennessee Coal, Iron & Railroad Company manufacture any foundry iron?

A. Yes.

Q. Did it in 1907?

A. Yes.

Q. Where was that disposed of?

A. It was sold throughout the South, as far north as Chattanooga, Cincinnati and St. Louis, and through Texas and the West.

Q. Did they manufacture for sale in the market pig iron for steel making purposes?

A. Steel melting irons?

Q. Yes.

A. Not to my knowledge.

Q. The pig iron they sold was foundry iron?

A. Foundry iron.

Q. Is that still the case?

A. Yes.

Q. Has the production of pig iron increased or diminished since the Corporation took hold of this plant?

A. Increased.

Q. Have the sales of pig iron in the market, foundry iron, increased or diminished since that time?

A. Increased.

Q. Has the location of the markets for this commodity changed since then?

A. No.

Q. I am speaking now of foundry iron.

A. Yes; foundry iron.

Q. Did the Tennessee Coal, Iron & Railroad Company make cotton ties?

A. No.

Q. Has it ever engaged in that business?

A. No, not to my knowledge.

Q. If you know, where was the bulk of its steel sold previous to its acquisition by the Corporation and since?

A. In the South.

Q. Was the Tennessee Coal, Iron & Railroad Company a seller of steel at that time in the northern markets?

A. Not in the northern markets. They sold at Atlanta and various places in the South.

Q. How did the freight rates in the district in which they sold compare with the freight rates from the northern furnaces to the same points?

A. At the Gulf ports they were handicapped as compared with the Maryland Steel Company at Sparrows Point. The freight rate from Birmingham to Galveston is $3.40 all rail. The rate, all water, from Baltimore, has never been higher than $2.50 per ton by schooner or sailing vessel.

Q. Has that condition continued?

A. It has.

Q. Is there any other northern manufacturer of steel that has that advantage, shipping to the Gulf ports, in competition with Birmingham?

A. No. The Maryland Steel Company have an advantage over all other companies located on tidewater, as they are.

Q. Mr. Farrell, what are known as re-rolling mills?

A. Mills that purchase old rails for re-rolling into various forms; light rails; bars for concrete reinforcement, which has grown to be an enormous business, and also bedstead angles, a product that is not required to be worked over hot.

Q. Is the re-rolling done cold?

A. No, hot.

Q. It is done hot?

A. But the finished material is not suitable for blacksmith purposes, on account of the high carbon in rail steel, and it makes very good material for concrete reinforcing, for mine rails and bedstead angles, where there is a tensile strength required.

Q. Is the product of re-rolling mills sold in the market in competition with regular steel products of similar types?

A. Yes; it makes the market in the commodities they produce. It makes the market price.

Q. Why is that?

A. Because of the fact that the railroads sell these old rails at various prices. Under normal conditions, old rails are sold at $14 or $15 a ton. The re-rolling mill with no investment, except a heating furnace and a pair of rolls, can put that into material for $4 or $5 a ton. They do not have an

investment which concerns have that have to go back to the ore, and blast furnaces, and coal and coke and limestone, and so forth.

Q. Is there a large or a small amount of this re-rolling material available every year?

A. Yes, there are 56,000,000 tons of rails in track in this country, and old rails are constantly being taken out.

Q. Do you know about the total annual capacity of the re-rolling plants in the country?

A. I should say between 500,000 and 600,000 tons.

Q. You mean by that, capacity or production?

A. Production, I mean.

Q. What is the capacity?

A. Probably in excess of that by 25 per cent.

Q. Where are these re-rolling plants located?

A. All over the country, east of the Mississippi River, and one or two on the Pacific Coast. Shall I name them?

Q. Can you name some of them?

A. Yes. A very large plant at Buffalo, known as the Buffalo Steel Company, or it is at Tonawanda, New York. There is the Franklin Steel Company at Franklin, Pennsylvania; the Sweet Steel Company at Williamsport, Pennsylvania, sometimes called Newberry; there is the United Steel Company at Cumberland, Maryland; there is the West Virginia Rail Company at Huntington, West Virginia.

Q. Is that the United Steel Company or the United States Rail Company at Cumberland?

A. It is now the United States Rail Company at Cumberland.

Q. Was it formerly the United Steel Company?

A. It has had various names; that is the last one I know.

Q. What was the next one you named?

A. The West Virginia Rail Company at Huntington, West Virginia. There are two in Indiana, one the Indiana Iron & Steel Company at Linton, and the other the Indiana Rolling Mill Company. There is a small concern at Everett, Massachusetts, the G. W. Bent Company. The Inland Steel Company re-roll rails. There are a great many.

Q. Do you know of any company called the American McKenna Process Company?

A. That is a very old company, with the principal plant at Joliet. They have a capacity of 300,000 tons a year. They re-roll a great many standard rails, and have done a great deal of work for the Canadian roads, the Grand Trunk Railroad; they ship the old rails in, in bond, they are re-rolled into lighter sections, and they go out and enter Canada again without paying any duty. It is an economic proposition for the railroad, and I think a profitable one for the McKenna Process Company.

Q. Is the McKenna Process Company the largest of these re-rollers?

A. Yes.

Q. Have they plants at other places aside from Joliet?

A. They have plants in England and other countries.

Q. Have they any other plants in this country?

A. Two other plants.

Q. Two other plants?

A. Yes.

Q. You spoke of some plants on the Pacific Coast. What are they?

A. The Pacific Rolling Mill Company at San Francisco, and the Seattle Steel Company, of North Seattle, Washington.

Q. Is that the same company as the Pacific Coast Steel Company at Seattle?

A. No.

Q. That is a different one, is it?

A. That is a different company.

Q. Do you know that company?

A. I do, yes.

Q. What is their business?

A. Bars principally.

Q. Are they re-rollers, too?

A. They re-roll; they buy some rails for re-rolling, but their principal business is bushelling the scrap and squeezing it and rolling it through the rolls, the old fashioned process.

Q. Do you know the Texas Rolling Mill Company at Fort Worth?

A. Yes. They have a capacity of about 30,000 or 40,000 tons a year, re-rolling.

Q. Do you know the Calumet Steel Company of Chicago Heights?

A. Yes, they are re-rollers.

Q. Do you know anything about what they make?

A. They make bars for concrete reinforcement, and bedstead angles and mine rails.

Q. Do you know the Logan Iron & Steel Company of Burnham, Pennsylvania?

A. Yes.

Q. What are they?

A. They are re-rollers; they produce 25,000 or 30,000 tons a year.

Q. What do they make?

A. Bars, principally, for concrete reinforcement.

Q. Do you know of the Loucks Iron & Steel Company of Roanoke?

A. Roanoke, Virginia; yes.

Q. What are they?

A. Re-rollers of light rails and bars, and they also have an open hearth plant.

Q. I think you spoke in another connection of the Pittsburgh Forge & Iron Company yesterday. Do you know them as re-rollers or not?

A. Yes; they buy old rails and put them into spikes and track accessories. It is a very old concern.

Q. Do you know the Elyria Iron & Steel Company?

A. Yes, at Elyria, Ohio. That is a new company, manufacturing tie plates principally.

Q. Do they manufacture or do any re-rolling?

A. Yes; re-roll from old rails.

Q. What is the Interstate Iron & Steel Company, of Cambridge, Ohio?

A. Re-rollers, principally, of rails and bars.

Q. Do you know the Buckeye Rolling Mill Company?

A. No, sir.

Q. Of Newark, Ohio.

A. No.

Q. Do you know the Scranton Bolt & Nut Company, of Scranton, Pennsylvania?

A. Yes, that is a very large concern, having open hearth

furnaces and rolling mills, and they manufacture bolts, nuts, railroad spikes, and buy old rails and re-roll them into bars, and make spikes of them.

Q. Do you know the Conners-Weyman Steel Company?

A. Yes; at Helena, Alabama.

Q. What do they do?

A. Cotton ties, principally, and some mine rails for the coal mines in Alabama, I think.

Q. Do you know the American Shovel & Tool Company?

A. I know of the company, but I do not know anything about what they make.

Q. Do you know a plant of the Republic Iron & Steel Company at Moline?

A. I do. They re-roll old rails into bars that are sold to agricultural implement makers, principally the Moline Plow Company, which is their principal customer there.

Q. Do you know a concern called the Rudgear-Merle Company?

A. Of San Francisco; it is a new company.

Q. What is its business?

A. Bars for concrete reinforcement. They roll old rails into these bars.

Q. Do you know the Kansas City Bolt & Nut Company?

A. I know of them, but I do not know anything about their business, except they are in existence.

Q. Do you know the Eckels-Nye Steel Company, of Syracuse?

A. Yes, sir; formerly at Auburn.

Q. Is it a large or a small concern?

A. A large re-rolling concern, rolling bars for carriage hardware.

Q. How long have these re-rollers been in business? I mean, how old is the industry?

A. It is a very old industry, but it has had a tremendous development as the result of the increased use of bars in concrete reinforcement work; and of course the increase in the consumption of mine rails and bedstead angles; that is a very large business, that formerly used soft steel, but in the development of the concrete bar and discussion as to the utility of old rails, because of their tensile strength, they gradually

worked this material into various lines of business, and in some respects it is superior to the regular steel for certain purposes.

Q. Can you tell about how long ago this American McKenna Process Company built its plant at Joliet?

A. I should say about twelve years ago. They have a plant at Birkenhead, England, too.

Q. Birkenhead?

A. Opposite Liverpool.

Q. Now, is this business of re-rolling an increasing, stationary or diminishing business?

A. Increasing.

Q. Rapidly or otherwise?

A. Rapidly. There are some plants in contemplation now in the West. It is an industry that can be started anywhere, where a large accumulation of old rails can be had, not necessarily on the coast; you might start a plant on the prairie some place, at Ogden, Utah, or anywhere; in fact, I think there is some talk of the Harriman people putting in a mill at Ogden to re-roll their own rails there.

Q. Do any of the railroads re-roll old rails now, so far as you know?

A. I am not certain as to that; not in this country. There is one in Canada?

Q. There is one in Canada?

A. The Grand Trunk have a rolling mill at Hamilton, Ontario.

Q. At which they re-roll?

A. Yes.

Q. Is it an expensive addition to make to railroad shops?

A. No: a matter of a few heating furnaces and stands of rolls.

Q. Can you tell approximately the amount of scrap annually available for steel making?

A. From a million to a million and a half tons. It is constantly increasing all the time. It is figured that a large percentage of the scrap comes back every fifteen years.

Q. What?

A. It is estimated that a large percentage of new materials

comes back to the mill again in the form of scrap at the end of fifteen years.

Q. How much did you say is the annual consumption, about a million and a half?

A. About a million and a half, perhaps two millions.

Q. Does that take the place of an equal amount of ore, or a greater amount, or a less amount of ore?

A. A greater amount of ore.

Q. How much greater?

A. That is assuming that it takes about two tons of ore to make a ton of pig iron; it has the same ratio.

Q. That is to say, it is twice?

A. Twice; that is, a ton of scrap is equal to two tons of ore.

Q. Where does that scrap come from?

A. All over the country. It is not local to any place except where there are large manufacturing industries.

Q. Is that available in the open market, or is it controlled by concerns that manufacture?

A. It is available in the open market. It is gathered up by small dealers and sold by the smaller dealers to the larger scrap iron yards, and it is available all over. There are small rolling mills at places like Providence, Rhode Island and other places, that are favorably situated, because there are scrap markets in New England or New York or other localities.

Q. This scrap, to be available for steel making, must be of that character of steel, must it not, suitable for steel melting?

A. Known as melting scrap.

Q. Is the scrap purchased largely by the big companies or by such concerns as you have mentioned, in Providence, the smaller companies?

A. Largely by the small rolling mills, but some of the open hearth steel companies buy scrap.

Q. Do the Carnegie Steel Company and the Illinois Steel Company buy scrap?

A. They buy some scrap, and of course there is a large amount of scrap produced in rolling steel.

Q. Just explain that, so that we will have it in the record.

A. In shearings.

Q. Explain that.

A. If we roll random lengths of beams, and our orders call

for twenty foot lengths, and a beam is 24 feet, we cut off the four feet, and that goes back in the melting furnace again.

Q. Is the greater part of the scrap that is used by companies like the Carnegie and the Illinois made in their works, or do they buy it?

A. In their own works.

Q. How much under the price of steel does scrap ordinarily rule in the market?

A. You mean under the price of the ingot?

Q. Yes, under the price of the ingot.

A. Well, scrap can be bought today for about $12 a ton. Ingots are not sold in that form, they are sold in the form of billets. The price of billets today is $27 or $28 a ton, between $26 and $28.

Q. And scrap is $12?

A. Scrap is $12.

Q. So that at the present time it is selling for less than fifty per cent of the price of the billets?

A. Yes.

Q. Is that about the normal ratio between the two?

A. No.

Q. What would be about the normal ratio?

A. About $10.

Q. I mean as against the price of steel.

A. As against about $22. If scrap was selling at $12, a normal price of billets would be about $22 or $23 a ton.

Q. You mean by that, scrap is unduly high at the present time?

A. No; I mean that there are large quantities of scrap in the market, and it fluctuates, all the way from $14 to $12 a ton. I think at the present time melting scrap is selling for $12 or $12.50 a ton.

Q. I understand you about that. What I want to know is if you can give us an impresion as to about what per cent of the value of the billet scrap ordinarily brings in the market. Does it bring fifty per cent of the price of the billets, or does it depend on the price of the billets at all?

A. It has no relation to the price of the billets.

Q. So that there is not any fixed relation between the price of the two?

A. No.

Q. Is there any relationship between the price of scrap and the price of pig iron in the market?

A. Yes.

Q. Does it ordinarily rule higher or lower than pig iron?

A. They follow each other to some extent.

Q. Which one is higher and which one is lower?

A. The scrap is a little higher.

Q. Mr. Farrell, do you recall the time that the Union-Sharon plant was purchased by the Steel Corporation?

A. I do. My brother built the Union plant and I was very familiar with it.

Q. From what time were you familiar with the Union plant; during its construction?

A. From the time they started to build the foundations until it was finished and put in operation, and after it was operated.

Q. Was there any plant of the Union Company that you made recommendations upon to any official of the Corporation or its subsidiaries, previous to its acquisition?

Mr. Dickinson: I object to that as incompetent and irrelevant.

The Witness: Yes; the Donora plant of the Union Steel Company. I asked Mr. Palmer, the president of the American Steel & Wire Company, at various times and in fact quite frequently, to urge the purchase of that plant on the part of the Corporation, because of its peculiar adaptability to the export wire trade. My brother and I had been together at Braddock, and he built that plant for that purpose, and we were short of facilities. Our business was increasing, and I was very anxious for the company to buy the Donora plant of the Union Steel Company.

Q. What was there peculiar in the wire plant at Donora that made you desire it for export business?

A. Their galvanizing equipment; their equipment for making varnished wire; the type of some of their machines for making nails for the foreign market, and the general capacity of the plant and the range of sizes they were able to make. I would like to say that my brother, Mr. William

H. Farrell, who built that plant and operated it, had no financial interest in the plant.

Q. You were not trying to sell your brother's plant?

A. That is it.

Q. I think you stated a moment ago that you had some shortage of wire capacity, suitable for the export trade at that time.

A. That was a fact. Our business was increasing. We were doing in 1899 about 200,000 tons of wire products for export. The possibilities were, we could do 250,000 or 280,000 or 300,000, and we did not have sufficient capacity. After that plant was bought, it was put on export business, and is now being operated to capacity in the foreign trade. Last year we produced and shipped 83,000 tons of wire products for export.

Q. From the Donora plant?

A. From the Donora plant, what was formerly the Union Steel Company.

Q. Speaking generally, what did it cost to build that plant, the wire plant, at Donora?

A. Exclusive of the open hearth furnaces?

Q. Give it both ways, if you know.

A. $4,000,000.

Q. Which way is that?

A. That is with the open hearth; that is with the capacity they have, and the wire plant alone, I should think, about two and three-quarter millions.

Q. Are the furnaces and the wire plant operated together?

A. They are operated by the American Steel & Wire Company; they are located at Donora, and they are more or less adjacent to one another. It is a hot metal proposition direct from the blast furnace.

Q. Is it a continuous movement?

A. This hot metal goes from the blast furnace to the steel works, and then the billets come down to the wire mill hot, and require re-heating, of course, but not to the extent they would if they were cold. They have a twin rod mill there, which produces about 900 tons of rods a day; that is, night and day.

Q. That is what I asked. I wanted to know if they were operated together.

A. Yes.

Q. The metal is not allowed to cool?

A. No.

Q. Was that the case at the time it was being operated by the Union Steel Company?

A. No.

Q. The open hearth was not then finished, was it?

A. The open hearth was not then finished. It was being built.

Q. You had nothing to do with the negotiations for the purchase of it?

A. Absolutely none, other than to recommend it to Mr. Palmer and urge him to impress upon the officials the advantage of buying the plant for foreign work.

Q. What was your title at that time? The Steel Products Company had not been organized then, had it?

A. No. I was export sales agent of the company.

Q. For the Corporation?

A. Yes, sir.

Q. And all the subsidiaries?

A. All of the companies. Some of them were not doing anything at that time, but we gradually built the business up.

Q. Mr. Farrell, from your experience as a salesman, as you have detailed it here, are you able to state what the market price of steel products is, or rather, what makes the market price of steel products?

A. The price at which the majority of the tonage is being sold in the market makes the market price.

Q. In what way is the market price evidenced to the trade generally? How do they get knowledge of it?

A. Largely through the trade papers who both seek and impart information; that is, they seek information from the buyers of material as to the prices that are available. They seek information from the manufacturers as to the prices they consider are current or they are selling at, and the market prices published by the papers are seldom criticized by either buyers or sellers.

Q. What are the trade papers you speak of in the steel trade?

A. Papers like the Iron Age, the Iron Trade Review, the American Metal Market, the Manufacturers Record of Baltimore and other papers.

Q. How are these papers equipped to secure this information that you have told us about?

A. They have offices all over the country, and staffs of reporters, who are specially trained in trade work; that is, in the iron and steel business. A great many of them are people who have been in the iron and steel trade.

Q. In selling iron or steel, is there any exchange upon which the same is traded?

A. No. Sellers of iron and steel have to find the market. There is no exchange on which iron and steel products are sold, such as the cotton exchange or the wool exchange or the coffee exchange. Consequently they are obliged to find the market price. They find the market price through seeking orders and through the trade newspaper information and other information that is given to them by their customers, as to what they are being quoted, and all that sort of thing.

Q. Do they also get information from their competitors, the sellers of steel?

A. Not very much.

Q. They do at times, do they not?

MR. DICKINSON: Do not lead.

By MR. SEVERANCE:

Q. Do they at times?

A. If I met a man in the street and he asked me what the price of bars was, I would tell him $1.40. I would not care whether he was a competitor or a customer.

Q. That is one thing I wanted to find out about. Are these prices widely known, at which standard articles are sold, like bars, not specialties, in the market?

A. Very.

Q. You were speaking of finding the market. How do you find the market?

A. By sending our salesmen out; through the trade paper

information, and through the general condition of the business.

Q. Is it necessary for a manufacturer to keep himself posted as to the existing capacity of the country?

A. Certainly. It is one of the most important things.

Q. Do all manufacturers do that?

A. Yes.

Q. Do the trade papers publish any information as to new capacity that is being installed?

A. That is where we get the most of it. You can take any trade paper today or tomorrow, or last week, and you can go through that paper and it will detail the list of new construction and new plants. For example, one of the last issues of the Iron Trade Review recited the fact that a large bridge fabricating plant was being built at Hope, Arkansas, and that increased capacity of an open hearth plant of the Pittsburgh Steel Company was being contemplated.

Q. How do the papers secure this information?

A. I presume through the sources such as R. G. Dun & Company and Bradstreets, and trade publications devoted to building and construction work.

Q. Do gentlemen in the iron and steel trade feel that they can, and do they, rely, in making up their estimates of existing or projected capacity, upon the statements given in these trade papers?

A. Not altogether. They investigate them if they are interested.

Q. Do they get pretty general information that way?

A. Yes. If any of our men were walking along the street and saw four stacks on what appeared to be an open hearth plant he would know that four furnaces were going to be built there.

Q. Do you have reports of that kind when such things are observed?

A. Yes, and then we have our own facilities and we can judge the character and capacity of our competitors by our own facilities.

Q. I do not quite understand.

A. That is, if we have ten 60-ton open hearth furnaces, and a competitor has ten or twenty 60-ton capacity open

hearth furnaces, we can figure up in a minute just about what he produces. There is nothing secret about it. It does not require any Divine knowledge.

Q. In that way you mean it is your business to keep posted?

A. That is our business. It is a very important part of our business.

Q. Is it also a part of the business of a man at the head of the commercial side of a large steel plant to keep track of large contracts that are being made?

A. Yes.

Q. How do you get information about large contracts that are being made?

A. Through our selling offices.

Q. How do they get the information?

A. Through people in the market, inquiring for the material. All buyers of iron and steel products, irrespective of the character, make inquiries from the principal producers in the trade for prices.

Q. Now, does the Steel Corporation, or its subsidiaries, publish any catalogue or price list on the standard articles?

A. They publish price lists, but not necessarily the flat price.

Q. Just explain that.

A. The National Tube Company has a price list; the American Sheet & Tin Plate Company has a price list, but the prices of our commodities are known to everybody who desires to know them, customers, or trade papers, or anybody else.

Q. In what way? From these published price lists?

A. Through the trade papers, through our selling offices principally.

Q. Are these price lists frequently revised?

A. Yes, at times, but that does not necessarily follow; the price on some material, for several months past, has been on the same basis.

Q. What material, for instance?

A. Bars.

Q. What has the price been?

A. $1.40.

Q. What does that mean?

A. $1.40 per one hundred pounds f. o. b. Pittsburg.

Q. That has been the price for how long?

A. Several months; since last October.

Q. Now, does the fact that a price remains at a uniform level, as you have stated, for several months, indicate anything as to whether the market is entirely a competitive market?

MR. DICKINSON: I object to that as incompetent.

MR. SEVERANCE: That is exactly what you asked your distinguished Mr. Walker in Washington.

MR. COLTON: You objected on the ground it was not a question for expert testimony.

MR. SEVERANCE: I objected on the ground that he did not know anything about it. Here I have a witness who has very great knowledge of this matter.

A. Only in the minds of theorists and economists.

Q. What is the fact as to whether the market, during this period you have stated, has been an active competitive market?

A. It has been competitive, but the demand has exceeded the supply, and consequently the price has remained on about the same basis.

Q. And is that something that very often happens?

A. Yes, we have our cycles in the steel business, where we go on for long periods on about the same range of prices, which are regarded as fair prices, or perhaps prices that may be remunerative.

Q. To come down to something concrete, during this period you have spoken of when this price of bars has remained on a level, has there been any understanding, agreement or pool, or anything else, between the different steel manufacturers as to what the price of bars shall be?

A. No, sir.

MR. DICKINSON: What is the question.

(The question was read by the stenographer as above recorded.)

MR. DICKINSON: What period is that?

MR. SEVERANCE: Since last October, I think is what he

said, is it not? You spoke about bars having maintained a uniform price in the market.

THE WITNESS: As a matter of fact---

MR. DICKINSON: The question is now what time are you referring to; that is the question.

THE WITNESS: I said from October, but I would like to elaborate on that.

By MR. SEVERANCE:

Q. Go ahead. Have you some further explanation of that?

A. I think bars have been selling at $1.40 for—perhaps since last July or August.

Q. Are there any other steel commodities---

A. I might add to that, most of our competitors have been selling them at $1.50 and $1.60, getting premiums for them, but our price has been $1.40

MR. DICKINSON: That last answer is objected to as being volunteered to by the witness and not called for by any question.

By MR. SEVERANCE:

Q. I would like to ask you if in considering the market price what is known as a premium or bonus for quick delivery is considered as making the market price?

A. Not any more than would be the price made by a manufacturer who was encountering some vicissitude of a financial nature which would necessitate his sacrificing material; that would not be considered a market price, neither would the premium price be considered a market price. The market price is the price at which a majority of the tonnage is sold in the market. That is the market price.

Q. What has been the trade paper quotation on bars during all this period you have stated?

MR. DICKINSON: Which period? I should like you to designate it.

Q. From last October up to the present time.

A. $1.40, I should say, with frequent reference to the fact that competitors of the United States Steel Corporation were exacting premiums.

Q. Premiums for what?

A. For prompt deliveries.

Q. On that question of premiums for prompt delivery, what has been the state of the mills as to being sold ahead during the last year, or since last October, we will say?

A. They have sold several months ahead, some of them a year ahead.

Q. When a product is sold ahead in that way, what is the normal and usual way of making deliveries; is it in the order in which the orders are taken, or how is it done?

A. In the order in which the contracts are taken.

Q. Is it or not the custom, and has it been the custom of the Steel Corporation to fill their orders in that way?

A. Entirely so.

Q. You have stated now the practice of the Corporation in making deliveries in their regular order. What do you mean, then, by the payment of bonuses or premiums to some competitors of the Corporation for prompt deliveries as relates to the order in which contracts are to be filled?

A. I could not answer that intelligently, because I do not know. I do not pretend to say here or at any other time what our competitors' practices are. I do not know what they are. But it is a fact that people have come to us and told us---

MR. DICKINSON: I object to that as hearsay.

By MR. SEVERANCE:

Q. Go ahead.

A. Customers have come to us and told us that they could get material from our competitors by paying a premium, and they have offered us a premium to deliver our material, and we have said "No, we will deliver this in the order in which the contracts were received," and we know that they have bought material outside and have endeavored to charge us with the difference, but our contracts were always made so that our obligation is covered, and we have not been compelled, legally or morally to pay any such differences. Then again there are a large number of small mills in the country who are always coming in on a boom and who sell above the market. That is particularly true in the east here, among the

plate manufacturers and structural steel makers. There have been premiums of $8, $9 and $10 a ton paid during the last year for materials. We have never done any of that sort of business.

Q. I was going to ask, does the Steel Corporation or any of its subsidiaries charge a premium for prompt delivery?

A. Not in a single instance within my knowledge.

(At 12:30 a recess was taken until 2 o'clock p. m.)

AFTER RECESS.

JAMES A. FARRELL,

the witness on the stand at the taking of recess, resumed the stand for further

DIRECT EXAMINATION (Continued).

By MR. SEVERANCE:

Q. Do you think of any other commodities that have ranged at a practically level price over considerable periods of time in these years, aside from the bars you spoke of?

A. Tin plate and tubular products. The price has probably changed twice within a period of several months.

Q. Since you have been president of the United States Steel Corporation, you testified that you have had charge of the selling organization?

A. Yes.

Q. Have you dictated the policy as to sales?

A. Largely.

Q. During that period?

A. Yes.

Q. Are the different agents subordinate to you?

A. Yes.

Q. That was in January, 1911, you became president?

A. Yes; January 10.

Q. Previous to that time you had not had charge of the selling organization, so far as local sales are concerned?

A. No.

Q. During that period from January, 1911, that you have been so in charge of that branch of the business, will you kindly state whether or not there has been between the Steel Corporation or its subsidiaries, any contract, arrangement, agreement, pool or understanding whatever, fixing prices and limiting output, or fixing the quarters or localities in which its several subsidiaries might sell its product?

A. No.

Q. In the case of a large demand and an active demand, whose prices are ordinarily higher, the larger producers or the smaller producers?

A. The smaller producers.

Q. How do you account for that?

A. Because the smaller producer generally seeks out business that is more remunerative than the general run of the business. Larger manufacturers have their regular customers and are more disposed to have a fairly reasonable price. They steer a middle course on prices.

Q. In the case of a dull market, where the demand is less than the supply, who ordinarily sells for the lower price, the large producer or the small producer?

A. In most cases the small producer.

Q. Why is that?

A. Because the larger producers realize that if they sell at a low price it makes the market for their entire tonnage, whereas the smaller producer may sell at a lower range of prices, and pretty soon become filled up with business, and then the larger manufacturer has a more stable condition.

Q. Since the organization of the Steel Corporation what has been its policy as to maintaining stability of prices or otherwise, so far as it has come to your knowledge?

A. The policy has been to maintain a stable market so far as possible.

It has, of course, to consider the question of wages, which would be apt to suffer in the event of any radical reduction in price, and the question of dividends, and the question of sufficient earnings to maintain the upkeep of the plant

Q. Has the quality of steel products produced been bet-

tered or otherwise since the organization of the Steel Corporation?

A. Constantly improved.

Q. In your judgment, taking into account the character of the product and the demand for the same, have the prices that have been charged from time to time by the Steel Corporation been fair and reasonable to the public or otherwise?

A. Reasonable.

Q. Is it customary in selling steel to sell for future delivery or immediate delivery? What is the ordinary custom?

A. The custom is to sell over a period in some classes of products, over a period of sixty days; others over a period of four months, and in the case of structural material, sometimes over a long period of time. Occasionally a contractor who is going to build a subway or some municipal work might figure on a contract probably running over a period of two or three years. If they were to come to us, we would make them a price over that period of time that would not necessarily be the price that was ruling at that time; it might be a price that we would consider would be a fair price over the period.

Q. Do you happen to know, from your knowledge of the way business is done, whether prices for future delivery are usually higher or lower than the ruling spot prices?

A. It would depend altogether on the judgment of the person selling the material, and his knowledge of the market, and the possible trend of the market.

Q. That is, what he might think would be the trend of the market?

A. Yes; that is a question of judgment.

Q. As I take it, the prices for delivery in two months, four months or twelve months in the future, might be either higher or lower than the prevailing market price at the time the contract is made?

A. Over a period of long time, it would probably be higher than it was at the date of the contract, but over a matter of six or eight or ten months it is a question of merchandising; there are certain earmarks in any business; we can pretty well tell a few months ahead with respect to the trend of business. That is altogether governed by the amount of

business coming in and by the amount of work that is coming in.

Q. Supposing the contractor has a contract to build a large structural steel building, and he approaches the American Bridge Company for the fabricated material to go into that building. Upon what basis do they make their figures; upon the basis of the ruling prices of steel in the market at the time, or do they exercise judgment as to whether the market will probably advance or decline during the period that will be consumed in executing the order?

A. In the case of a building, they would base their price on the market price obtaining at the time they were bidding on the contract.

Q. What is the practice of fabricators in case they secure a contract upon the terms you have stated, of covering their requirements immediately of steel for the execution of contracts?

A. In the case of a large quantity of material, the general practice is to obtain what is called a refusal from a manufacturer of the plain material. That is, if they are going to bid on a contract, they will go to a supplier, that is, a manufacturer, and say, "Well, we are going to bid on 10,000 tons of material for a building in New York", or Chicago, as the case may be, or somewhere else, "and we want protection on that material because that contract may not be placed for two or three months, and we can not speculate on what the price of material may be." In the case of ordinary work, these large fabricators, and small ones too, buy their current requirements from month to month, 500 or 1,000 or 2,000 or 3,000 tons.

Q. When the manufacturer of the plain material fixes a price that he will quote to the fabricator under those conditions he makes up his judgment, considering the time of delivery and all that, as you have said heretofore, in ordinary sales?

A. He makes his estimates.

Q. What is the present price of plates and shapes at Pittsburgh.

A. $1.45 per 100 pounds.

Q. How long has that ruled?

A. Several months they have sold at $1.70 and $1.75 in the market; not by our company.

Q. How do you mean, "sold?" Has that been the market price?

A. No, that has been occasional offerings on the part of mills which can ship promptly; what we call premium business.

Q. The same thing you spoke of this morning?

A. Yes.

Q. Has there been any fluctuation in the market, of what you would denominate the market price, at which the major portion of the tonnage was sold?

A. Not for several months.

Q. So far as you are advised, except in the case of payment for premiums for immediate delivery, how have the prices of your large competitors compared with the prices of the Corporation during this period of six or eight months?

A. Most of them have been on the same parity as our prices.

Q. Do you happen to know whether the trade reports which you have mentioned, that is, the trade papers, have quoted steadily this price of $1.40 on bars and the price of $1.45 on shapes during the period you have stated?

A. Yes.

Q. There has been some testimony in the case, Mr. Farrell, relative to a certain price of $28 a ton for steel rails. How long, as far as you know, have standard rails been quoted at that figure?

A. A good many years.

Q. Are all the rails that are sold in the market to railroads sold at $28 a ton?

A. No.

Q. What percentage of rails that are now consumed and have been consumed for the last few years by the railroads have been sold on that basis, to the best of your opinion?

A. On the $28 basis?

Q. Yes.

A. About 30 per cent.

MR. DICKINSON: What period did you say?

By MR. SEVERANCE:

Q. I will make it a little more definite. The past two or three years; would that change your answer?

A. No.

Q. What kind of rails are included in that classification that are mentioned as standard rails?

A. What are known as ordinary Bessemer rails; that is, to a standard mill specification.

Q. What other kinds of rails are made?

A. Basic open hearth.

Q. I mean heavy rails for railroads.

A. Basic open hearth rails, made by the electric steel process, and alloy rails.

Q. Will you kindly state what you mean by alloy rails?

A. Ferro-titanium rails, manganese rails, high silicon rails and dozens of other specifications; nearly all the large trunk lines have their own specifications.

Q. Now in the case of open hearth rails, do they ordinarily range higher or lower in the market than the Bessemer rails?

A. Higher.

Q. About how much?

A. From $1.50 to $2 per gross ton.

Q. About what percentage of the rails sold in the market during the period covered by your last statement, that is two or three years last past, have been open hearth?

A. Between 45 and 50 per cent.

Q. Are these special alloys—

A. Pardon me, I will have to correct that.

Q. Go on.

A. To sixty per cent.

Q. About sixty per cent?

A. Yes, because—might I explain a little?

Q. Yes. Go ahead.

A. Because many open hearth rails are made to special analysis, the chemical composition is different, due to the fact that some railroads insist upon greater physical tests than others, which, of course, while the open hearth process is the basic operation, nevertheless we call them different qualities of rails.

Q. You have said thirty per cent of standard specification are Bessemer rails, and about 60 per cent open hearth.

A. Yes.

Q. What are the other ten per cent?

A. Alloy rails, electric rails; we have an electric plant or furnace at South Chicago where we have produced up to the present time about 8,000 tons of rails made by the electric process. Those rails are being tried on a great many of the large trunk lines of the country. Those rails cost us to manufacture about $40 a ton. We have sold them at that price for the purpose of introducing the rail, our idea being to make something that will satisfy the requirements of the traffic. We also manufacture what are known as manganese rails which command a very high price.

Q. How high?

A. We have just filled an order for the New South Wales Government at $150 a ton. I have the order here if you would like to see it.

Q. No, I do not care for it. That is one quality of rail?

A. Yes. Those rails bring all the way from $100 to $130 a ton. There are some in use in the subway here. Those brought, I think, $120 a ton. It depends a little on the chemical analysis. They are rails which are made for very severe work in curves and under bridges and places where the rails are apt to receive difficult treatment through the size of the equipment, and so forth.

Q. What difference does it make whether it is under a bridge or otherwise?

A. Well, any railroad man will tell you that they have more difficulty with rails under a bridge where the shade is all the time than they have where the rail is out in the sun, where it is going through a natural expansion and contraction all the time.

Q. What are nickel alloy rails?

A. Nickel alloy rails are rails in which about five per cent of nickel is used. They sell at all sorts of prices, from $34 or $35 a ton to $50 and $60 a ton. The Bethlehem Steel Company makes quite a good many, and we have made quite a few. We made a lot of nickel alloy rails for the London underground railways.

Q. That is a peculiar specification, is it?

A. Yes; it is an alloy, nickel.

Q. You said a moment ago that most of the large trunk lines had their own specifications?

A. Yes.

Q. Will you explain that a little further?

A. The Pennsylvania Railroad Company, for example, buy about 250,000 to 300,000 tons of rails a year. They have their own rail specifications prepared by their engineer. We charge them for their rails $30.55 a ton, which we consider a fair price for rails of that specification.

Q. How was that price arrived at?

A. How was it arrived at?

Q. Yes. I do not mean how did you figure it, but how did you get at it between you and the Pennsylvania Railroad?

A. They agreed to pay the price. We said, "We will make these rails for $30.55 a ton," and they agreed to pay the price. We tried to get—

Q. Do you mean they submitted to you their specifications in advance, for you to figure on?

A. Yes. We tried to get a little more. In this instance we figured those rails ought to net us $30.85 a ton, but Mr. McCrea talked to me about the thing and said, "Now, I think that we might shade this a little bit."

MR. DICKINSON: What time are you speaking of there?

THE WITNESS: Last year and the year before, 1910 and 11 and 1912. So that finally—it was just a question of merchandizing, two people sitting down and trading across the table, the seller getting the best price he could and the buyer getting the best price he could, and we received $30.55. We make these special qualities of rails for a great many people.

Q. Can you name any other of the trunk lines?

A. The Baltimore & Ohio, the Rock Island, and the Lake Shore & Michigan Southern.

Q. What is a ferro titanium rail?

A. A rail in which ferro titanium, which is an oxide, is used as an alloy in the rail to toughen the steel. Titanium is a toughener.

Q. Does that sell for a high price or a low price?

A. Not a high price, no; a matter of fifty cents or a dollar a ton more, depending upon the percentage of alloys in the rail. A three per cent ferro titanium rail would sell for about a dollar a ton higher than ordinary standard.

Q. What is a ferro vanadium rail?

A. Ferro vanadium is an oxide or acid which is produced in Chile, not largely, but it is the only place I know of where we can get it. We pay $5 a pound for it, I think.

My assistant, Mr. Hughes, says that the price has been recently cut from $5 to $2.50. I know we were paying $5. That is used in the molten steel in small quantities to settle the steel, just like a powder might settle something. It clarifies the bath. It is coming into use pretty largely, vanadium steel.

Q. What sort of price do you get from the Lake Shore, for the rails you make of the peculiar type you make for them?

A. Various prices, from a cent and a quarter a pound to 1.8 cents per pound; remember, we do not always speak of rails as $28 or $30. We sometimes may speak of a cent and a quarter a pound, or $1.34 a hundred pounds, or 1.8 cent per pound, which is nearly $40 a ton.

MR. DICKINSON: What period are you referring to, in regard to the Lake Shore?

THE WITNESS: A period of three or four years.

By MR. SEVERANCE:

Q. You have spoken of the way you made your arrangement with Mr. McCrea for certain Pennsylvania rails. Does that differ from the way in which you made sales to other railroads?

A. No, just a matter of receiving an inquiry, quoting a price, following up the business and trying to get it.

Q. By the way, while I think of it, Mr. Farrell, when Mr. Corey was on the stand his attention was called to a certain resolution:

MR. COLTON: Do you mean a minute?

MR. SEVERANCE: Yes, of the Finance Committee.

MR. COLTON: Page 603, Volume II of exhibits.

MR. SEVERANCE: It was called to Mr. Corey's attention.

Here it is, I have it; it appears on page 2,943 and 2,944 of Volume VIII. Judge Dickinson was examining Mr. Corey and called his attention to this. It is Volume II, as you say, page 603.

By MR. SEVERANCE:

Q. Mr. Corey's attention was called by Judge Dickinson—

MR. DICKINSON: I object to counsel stating to the witness what has previously been proven by any witness, and what has transpired in the case. I think he ought to frame his question so as to elicit any statement he wants without any statement as to what the proof has previously been in the case. I think that it is improper examination, and I except to it.

By MR. SEVERANCE:

Q. (Continuing) And Judge Dickinson read to him the following minute from the minutes of the meeting of the Finance Committee of the United States Steel Corporation under date of November 1st, 1904. It reads as follows:

"The President brought up the question of making some arrangement with foreign producers in regard to price of rails to be sold in neutral markets. After a full discussion the question was referred to Messrs. Gary and Corey, with power."

Q. When did you first hear of that resolution?

A. When it was introduced in evidence in this case; that is the first I ever heard of it.

Q. Did Mr. Gary or Mr. Corey ever speak to you about making any such arrangement?

A. No.

Q. Mr. Corey testified—

MR. DICKINSON: I object to what Mr. Corey testified.

MR. SEVERANCE: I have got to direct his attention to something, so that he will know what I am talking about.

MR. DICKINSON: You can frame your questions without stating what has been testified to in the case.

MR. SEVERANCE: Very well, make your objection.

By MR. SEVERANCE:

Q. Mr. Corey testified further that he received the impression from something that you had said to him—I am

stating in substance what he said—that some arrangement had been made by you with foreign rail manufacturers by which it was agreed or understood that they would not sell in this market. What is the fact? Did you ever say that to Mr. Corey?

A. No. From time to time I told him I did not think foreign rail manufacturers would sell rails in this country.

Q. Was that your opinion?

A. That was my opinion.

Q. Why did you feel that or have that impression?

A. Because we had a production of 5,000,000 tons a year in this country, of rails, and a duty of $7.84 a ton; and because of the natural idea that any large producer might have, that if material was dumped into his market there would be reprisals and dumping in another market; and it has always been our experience in the steel market, where vindictiveness is displayed, that it generally wreaks vengeance on the people who indulge in it.

Q. That was why you made the statement you said you did make to Mr. Corey?

A. It was.

Q. And can you think of anything else you said to him from which he received the impression that he testified to having received from your statement?

MR. DICKINSON: I object to asking what he thinks Mr. Corey might have received an impression of. The proper thing is for him to state what he said to Mr. Corey.

MR. SEVERANCE: He has stated that.

MR. DICKINSON: Let him state whatever passed between them and not draw conclusions as to what impression Mr. Corey may have drawn.

MR. SEVERANCE: I will strike that out. It is a very awkward question.

MR. DICKINSON: It is certainly an improper one.

By MR. SEVERANCE:

Q. You have stated what you said to Mr. Corey. You do not recall anything else in that line that you said to Mr. Corey?

A. I do not.

Q. As a matter of fact did you ever make any agreement or arrangement, or have any understanding with foreign producers that they should not sell in this market?

A. No.

Q. From your experience and knowledge of the Steel business, what do you say as to the advisability of a steel manufacturer, with a large investment in plants, having a substantial ore supply in reserve?

A. It is necessary.

Q. For what reason?

A. For the normal, natural development of the business, it is necessary to have ore, transportation facilities, mills for the manufacture of raw steel, semi-finished steel, and the completed product.

Q. That is, you believe in what has been referred to in the case as an integrated proposition?

A. Yes.

MR. DICKINSON: Will you ask him what he means by transportation?

MR. SEVERANCE: I would just as soon.

By MR. SEVERANCE:

Q. What do you mean by transportation?

A. Facilities to carry the ore away from the mines to the ports contiguous to the railroad.

Q. You have testified already that a number of your competitors have vessels on the Lakes?

A. Yes, sir.

Q. A large part of your ore comes from the mines, does it not, that are not reached by any railroad facilities of the Corporation?

MR. DICKINSON: I object to counsel testifying in the case and eliciting information through the witness responding to a direct statement made to him of a fact not proven.

THE WITNESS: Yes.

By MR. SEVERANCE:

Q. I will cure that, in view of the objection.

Over what lines of road does the ore of the Steel Cor-

poration that is mined in Michigan and Wisconsin move to the Lakes?

A. Michigan and Wisconsin?

Q. Yes.

MR. DICKINSON: I would like to enter one objection; I object to the curing of the question after curing the witness.

THE WITNESS: The Chicago & Northwestern Railroad, the Minneapolis, & Sault Ste Marie, known as the St. Paul Road, and the Great Northern.

By MR. SEVERANCE:

Q. I am speaking of Wisconsin and Michigan production.

A. The Wisconsin Central, the Marquette and other roads.

Q. Does all the ore that is produced on the Mesabi Range move over railroads owned by the Corporation?

A. No.

Q. Over what lines of road?

A. The Great Northern.

Q. Does all of the ore move from the lower Lake ports to the furnaces over the Bessemer & Lake Erie or any other road owned by the Corporation?

A. No, it moves over other roads, the Pennsylvania and other roads running into Pittsburgh, and the Mahoning Valley and Wheeling.

Q. When you stated that it was a necessity, in your opinion, to have transportation facilities, did you mean necessity, or that it was an advantage, a desirable thing?

A. An advantage.

Q. In what way?

A. In order to be able to produce it at a low cost.

Q. By getting good service?

A. Good service and facilities.

Q. And your competitors in business ship over some of the same railroads that you have mentioned, outside of the Steel Corporation?

A. Yes.

Q. Ship their ore?

A. Yes.

Q. Do you have any railroads that transport your coke, or is that shipped over trunk lines?

A. Shipped over trunk lines principally, almost entirely.

Q. Will you state which ones, of the competitors of the Corporation in steel making are the largest; that is, the largest manufacturers of steel, that you compete with?

A. The Bethlehem Steel Company; the Lackawanna Steel Company; the Republic Iron & Steel Company; the Pennsylvania Steel Company; the Maryland Steel Company; the Youngstown Sheet & Tube Company; Jones & Laughlin; Pittsburgh Steel Company; Otis Steel Company; Midland Steel Company; La Belle Iron & Steel Company; Wheeling Steel & Iron Company; Andrews Steel Company, Newport, Kentucky, and Ashland Steel Company.

Q. I am speaking of the large ones.

A. Those are large companies.

Q. Go ahead. Did you mention the Youngstown Sheet & Tube Company?

A. I mentioned the Youngstown Sheet & Tube Company.

Q. You have been familiar with the business, in a general way, transacted by those companies for some time, have you not?

A. Yes.

Q. Have you been familiar with the markets for their goods.

A. Yes.

Q. What is your opinion, Mr. Farrell, as to whether or not the United States Steel Corporation could, without committing financial suicide itself, put these large manufacturers out of the steel business?

A. It could not.

Q. Have you ever known or heard of a case where the Steel Corporation has sold at a less price in a particular market to drive out a competitor, or has sought to obtain the custom of a competitor by secret rebates?

A. No; not in a single instance, to my knowledge.

Q. What power to drive out a small competitor, if such power exists, by such means as I have just described in my last question, has the Corporation, other or greater than is possessed by any of the other large concerns which you have just mentioned?

A. It has none.

Q. Is it or is it not a trade advantage to the Steel Corporation that it has plants in widely separated parts of the country?

A. It is an advantage.

Q. Will you state why?

A. Because of the fact that the business of the country is largely a zone business, and wherever the plant is located they derive the advantage of the business accruing from the locality in which they are situated; the same is true of warehouses.

Q. In that connection, Mr. Farrell, will you state whether or not it has been the policy of the Corporation to erect warehouses at different parts of the country, from which immediate deliveries can be made?

A. It has been the policy within the last two or three years.

Q. Where are such warehouses existing?

A. There is a large warehouse at Waverly, New Jersey, a suburb of Newark, or a part of Newark, perhaps, in which considerable quantities of iron and steel products of all kinds are stored, for distribution to the merchants in the metropolitan district.

Q. Just a word right there. In the absence of the warehouse, are there any other steel manufacturers who are better situated to make quick deliveries in the metropolitan district than the Corporation, of steel products?

A. There are manufacturers as well situated in some lines of goods.

Q. What are the products, we will say, of the Bethlehem Steel Company that are manufactured in competition with you?

A. Certain sections of structural steel sections; not many.

Q. They are rail makers, are they not?

A. Yes, but rails are not carried in stock in warehouses.

Q. I am not speaking of warehouses. You misunderstood my question. I am putting my question as to what the situation would be if the warehouses did not exist. I did not make myself clear. You are answering, assuming that the warehouses did exist?

A. Yes.

Q. I am asking you, assuming that you did not have the Waverly warehouse to aid in supplying your customers in the metropolitan district from your mills, would you be at a disadvantage as to any of your competitors?

A. We would be at a disadvantage.

Q. As to which one of your large competitors?

A. Concerns like the Phoenix Iron Company, at Phoenixville, Pennsylvania; the Eastern Steel Company, at Pottstown, Pennsylvania; the Pennsylvania Steel Company, at Steelton, Pennsylvania; the Bethlehem Steel Company, and a large number of small mills in the East.

Q. What is the largest single article of steel manufactured, of a large type, I mean, that is sold in the metropolitan district?

A. Small shapes, bars, angles, and structural shapes generally. About 35 per cent of the sales are in those commodities.

Q. Are those companies which you have mentioned all in that business?

A. Yes.

Q. And competitors in this district?

A. Yes.

Q. What was the impelling cause of the construction of the Waverly warehouse?

A. To enable us to dispose of more material; to carry the stock at a point where requirements existed, and through that facility be able to make prompt shipments and get the business.

Q. How large a stock, in dollars, do you normally carry at the Waverly warehouse?

A. About $2,000,000.

Q. At what other points in the country have you warehouses?

A. At Pittsburgh, Cleveland, Chicago, St. Louis, Baltimore, Savannah, and we are establishing one now at Galveston, Texas; and a very large warehouse at San Francisco.

Q. You are establishing another one, are you not, which interested me the other day?

A. One at St. Paul, Minnesota, and warehouses at Louisville and Memphis.

Q. What classes of goods do you carry in stock at your San Francisco warehouse?

A. Everything that we manufacture, with the exception of standard rails, steam railroad rails.

Q. How large a stock, in dollars, do you normally carry there?

A. About $3,000,000 to $4,000,000 worth of stock, and we turned over 100,000 tons of stuff there last year, in and out of the warehouse.

Q. To whom is that material supplied?

A. Merchants and consumers and buyers, and users of iron and steel products.

Q. Do you sell to anybody that wants to buy at the warehouse?

A. That has always been our policy.

Q. That is, you do not refuse to sell to any one?

A. No; we sell a man a dollar's worth of goods, or larger amounts if he wants them.

Q. And how do those goods move to San Francisco from the East?

A. Principally by water, via the Tehuantepec route.

Q. And you keep constantly there a large assortment, do you?

A. Yes; we have 25,000 or 30,000 tons of material afloat all the time, in transit between the mills and the West.

Q. Has that been sold or contracted to be sold before it is shipped, or is it simply sent out there to sell as a merchandising proposition?

A. Most of it is sent out to be sold. Some is sold to arrive, and some is sold while afloat. Our agents have a list of the material in transit, and it is frequently sold while in transit.

Q. Did you say you had some other warehouses on the Coast?

A. One at Portland and one at Vancouver.

Q. What kind of a stock do you keep at Portland?

A. A similar stock, except in smaller quantities; wire products, sheet steel, tin plate, structural steel, light rails for lumber camps, and the thousand and one different things we manufacture.

Q. Is it or is it not an advantage to the consuming public in the vicinity of these warehouses that they exist there?

A. A very large advantage; it enables them to obtain their materials quickly and at moderate prices.

Q. What do you keep in the warehouse at Savannah?

A. Mostly wire products.

Q. Do you carry a large or a small stock of these products at Savannah?

A. We had a pretty large stock, about 4,000 to 5,000 tons in that warehouse, which burned down about two months ago.

Q. How is that?

A. The warehouse was destroyed by fire a few months ago, the Merchants & Miners Dock there burned down, and our warehouse was adjacent, and we had more there at that time than we wanted to have, between four and five thousand tons.

Q. You are rebuilding, I suppose?

A. We are building a new warehouse there now.

Q. Did you say you had a warehouse at Memphis?

A. Yes; wire products, and we have a cotton tie stock there now, as I explained.

Q. You explained yesterday or the day before about a large number of places where you kept cotton ties?

A. Yes.

Q. Are there a number of those cotton tie warehouses where you keep nothing else but cotton ties?

A. The cotton tie warehouses contain nothing else but cotton ties.

Q. Did you state what you kept at Memphis?

A. Wire products.

Q. What class of products do you keep in your Chicago warehouse?

A. Bars, structural steel, plates, sheets, and some pipe.

Q. Are those products that are not made by the Illinois Steel Company?

A. Some of them are made by the Illinois Steel Company.

Q. And some are not?

A. Some are, and some are not.

Q. You spoke of a St. Louis warehouse?

A. Yes, a St. Louis warehouse.

Q. Do you keep a large stock there?

A. Pretty fairly large.

Q. What classes of goods?

A. Of the same character as in the Chicago warehouse.

Q. Do any of your large competitors maintain warehouses over the country?

A. Yes.

Q. As generally as you do?

A. Not to the same extent, but——

Q. That is what I mean. Where do they have them.

A. Jones & Laughlin have a warehouse at Chicago; they have a warehouse at St. Paul, either one that they operate themselves or through merchants there, but they carry stocks there; there are stocks carried at Cincinnati and stocks carried at New Orleans; the Lukens Iron & Steel Company have a stock at New Orleans; also stocks are carried on the Pacific Coast.

Q. How long ago did you begin this practice of building warehouses over the country, Mr. Farrell?

A. Since I became president of the United States Steel Corporation.

Q. It was inaugurated under your presidency?

A. We had one warehouse, but these other warehouses at San Francisco, Baltimore, Cleveland and St. Louis have been inaugurated since that time. The one at Chicago was in existence, and also the Waverly.

Q. Can you give any statement as to whether or not any economies have been produced, or are being produced by reason of having a large number of plants?

A. Yes. We have various boards of engineers and superintendents in charge of our various branches of the business, who meet frequently and make comparisons of costs and practices, and are thereby bringing to our attention all the time opportunities for economy.

Q. I wish you would state a little more fully just how and when these people meet and where they meet, and what kind of statistics, if any, they prepare.

A. The blast furnace committee, which consists of the superintendents of some of our blast furnaces, meet about

once a month. They are concerned with the study of by-product coke ovens and the resultant by-products. For example, at the present time I believe we are conserving about 3,000,000 tons of coal a year by the use of by-product coke ovens.

Q. Just explain how that is done?

A. It is done by sending the coal to the plants where these by-product coke ovens are located, and the gases are used for running the engines. We recover coal tar and sulphate of ammonia, and that has been a study over a period of years, and we are getting very good results and economical operation. At the Gary plant we are operating nearly 40,000 horsepower from blast furnace gases, also utilizing the gases from by-product coke ovens.

Q. Is there any more coke recovered from a corresponding amount of coal in a by-product coke oven than in a beehive oven?

A. Yes. These committees also——

Q. Just a moment, before we finish that by-product question. Where have you installed by-product coke ovens?

A. At Gary, Indiana, at Joliet, and at the plant of the Tennessee Coal, Iron & Railroad Company. We have put in a very large installation at Birmingham.

Q. When was that built?

A. Just finished, or rather, finished within six or eight months.

Q. Have you one at South Sharon?

A. Yes, one at South Sharon. We burn some of the by-product tar as fuel. We find that, from many experiments, that gives us a greater heat unit, and in some of our furnaces we are producing about 24 per cent more steel using coal tar as a fuel instead of producer gas or some coal, or some other fuel. These men are also making studies of conserving flue dust. We have around our plants probably six or eight hundred thousand tons of flue dust, that is, the ore dust that goes through the top of the furnace and is afterwards collected. We are making experiments now, and in fact, we have three or four briquetting plants where we briquette this flue dust and recover it; and of course it is worth just as much as ore to us. Before these men made these studies and accomplished these

results, the thing was used for filling in, and was thrown away.

Q. What is your annual production of bricquettes in that way; do you know, Mr. Farrell?

A. We are recovering about 200,000 tons of that material a year; that is in one form or another. I think in the Youngstown district they have a different system there.

Q. How large an installation of by-product coke ovens have you at Gary?

A. At Gary?

Q. Yes.

A. Nearly 300 ovens.

Q. Do you know their turn-out; do you know how much coke you make?

A. About 3,000 tons a day.

Q. From what coal was the coke formerly made altogether?

A. Connellsville.

Q. What kind of coal do you use at the Gary plant?

A. Pocahontas and also some western Illinois coal, which prior to the development of the by-product coke oven, was unsuitable for that purpose; that is, we mix in the Pocahontas with the Illinois coal.

Q. Was the Illinois coal ever regarded as coking coal until these experiments were made?

A. No.

Q. What percentage of that are you able to use, do you know?

A. About twenty-five per cent.

Q. Is that a coal that is found in greater quantities than the Connellsville coal or Pocahontas coal?

A. There are large deposits of coal in Indiana and Illinois, and the probabilities are that there is more of it there.

Q. That is a new use for it, then, is it?

A. A new use entirely.

Q. Is that a coal that is sold higher or lower in the market than the Connellsville Coal?

A. Lower.

Q. What other economies have you been able to make through these comparisons and investigations?

A. Economy in practice and blast furnace operation.

Q. Explain that.

A. Increasing the efficiency of the furnaces. At the present time, or rather for a considerable time, the Carnegie Steel Company, having 51 blast furnaces, produced more tonnage with 47 in operation than they produced with 51. That has been brought about through a comparison of practices, and various apparatus that has been tried in connection with the business.

Q. That development was the result of the work of this committee that you have been speaking of?

A. Yes, and a study of the ores and cokes and limestone, the proper flux, and the best results, by fifty or sixty men, who sit down and calmly go into these things and go through the process of elimination to get down to the irreducible minimum as to what is the best thing.

Q. What studies have been made as to the mixing of ores?

A. A very long study has been made of that. The result was the building of the concentrating plant at Coleraine, shown in this picture here, at a cost of $1,400,000, and as the result of that concentrating plant it has made available a hundred million tons of ore in the Mesabi Range which was hitherto considered unsuitable for steel melting.

Q. What was the matter with it?

A. It was full of extraneous substances.

Q. What advantage is there, if any, in owning a diversified quality of ore, more than one kind of ore?

A. The advantage, of course, is in utilizing the ore for making different qualities of material.

Q. Explain that a little.

A. And a wider range of products. For instance, in a good many materials we require a very low quantity of phosphorus in the material, for welding and forging. Other materials require a higher carbon steel, something that will almost temper, and by reason of having this diversity of ore we manufacture a greater variety of products than we could manufacture if we had only one grade of ore or two grades or three grades.

Q. Would it be feasible to attempt the operation of the business that you have on the scale that you do, with the

diversified products you make, if you were limited in your qualities of ore?

A. No sir.

Q. What other committees have you studying economies or improvements in manufacture?

A. We have an open hearth steel committee.

Q. Explain what they do?

A. The open hearth steel committee consists of a number of selected superintendents of open hearth plants, who make studies of the respective practices obtaining at the various plants, and compare notes. They are generally metallurgists, and they go through the same process as the blast furnace men.

Q. How many men are there on that committee, about how many; I don't care exactly?

A. Twenty-four.

Q. How often do they meet?

A. They meet here every one or two months. I meet here with them, together with the assistants to the President and the vice-presidents of the corporation, and our executive people. These men study all new processes, and if some one comes to us and offers a process that is going to revolutionize the industry—at least most of the inventors think their processes will—we give it very careful study and attention, because we never know but what there is something in these things, and everything brought to us is carefully worked out. We have committees who are studying the quality of rails and the quality of steel.

Q. The quality of steel and rails, what committee studies that?

A. The presidents of the manufacturing companies.

Q. What companies do you refer to?

A. The Illinois Steel Company, the Carnegie Steel Company and the National Tube Company, who are in charge of the Lorain plant, and also the vice presidents of these companies, men who are concerned with the manufacture of rails. These men are all practical men, steel men.

Q. And the Tennessee Coal & Iron?

A. The Tennessee Coal & Iron,—Mr. Crawford.

Q. Are these men gentlemen of experience in steel making, these heads of departments?

A. All brought up in the business, every one of them.

Q. How often does that committee meet?

A. About every two or three months.

Q. What sort of investigations does this rail committee make?

A. They investigate the chemistry of the rails produced; that is, they go into the theory of the thing and the practice of it, and physical tests made, and they are concerned with the study of the electric steel process.

Q. Has there been at times some difference of opinion between steel makers and railroad managers with reference to rails, and the chemical contents of rails?

A. Generally speaking that difference of opinion exists all the time.

Q. In what does it consist?

A. The steel makers feel that they are competent to produce a steel that will meet the requirements of the railroads under certain conditions.

Q. What does that mean, under certain conditions?

A. That is, under ordinary traffic conditions. If the railroad wants to put a 130 ton locomotive on a rail our people may feel that they want a 110 pound rail or 115 pound rail, or something of that kind.

All the large railroads have their own specifications, and we work to any specification which may be submitted to us. We as steel makers and metallurgists may feel that perhaps our judgment is better than the railroad company's, but we are not putting our judgment against theirs when they insist on having something done, if it can be made. Frequently we are asked to manufacture rails to certain specifications without inspection on the part of the railroads. We always inspect the rails, and we have refused to do that. Where the railroad company submits a specification to us we insist upon their having their inspectors there to see that that material is made in accordance with their specifications from every point of view, and we sometimes lose business because we will not agree to ship rails out on those special specifications without inspection on the part of the buyer.

Q. Has there ever been any differences of opinion between railroads and the Steel Corporation rail makers as to the hardness of rails?

A. Between the railroads and the Corporation?

Q. As between your Corporation and the railroads as to the hardness of rails?

A. Yes; there is quite a difference of opinion.

Q. What gave rise to that? What is the point?

A. The rail manufacturers are not in favor of extremely high carbon in rails because they believe it tends towards brittleness.

Q. Can you give any more instances?

A. We have committees on sanitation and committees on welfare matters.

Q. I will come to that later. Have you any bureau of investigation of new processes?

A. Yes; we have a bureau, in charge of Mr. W. R. Walker, assistant to the President of the Corporation, who investigates all new processes.

Q. Where is his office?

A. In this building.

Q. What kind of processes does he investigate? I mean relating to what branch of your business?

A. To the manufacture of pig iron, the raw stuff, finished steel and so forth.

Q. I wish you would state with some little detail the character of the investigations made by Mr. Walker's bureau.

A. Mr. Walker has a number of experts in his department who visit the mills and confer with the superintendents of the plants, and they take these processes which are submitted by our own operating people, and by others, who bring them to our attention, and go over them very carefully, and in a great many instances they make experiments with a view of determining whether the process is a practical one or not.

Q. Are those experiments expensive at times?

A. Very, sometimes. We have made experiments that have run into thousands of dollars. For example, we have tried four or five different types of by-product coke ovens, with a view of getting the best. Some of them do not amount to anything. We do that with all these processes.

Q. You say that he has a number of experts in his employ?

A. Yes, sir; in his department.

Q. Are the experiments all conducted at the mills?

A. Practically.

Q. At some of the mills?

A. Yes. His department also makes a study of the utilization of waste gases, blast furnace gases, and gases from the coke ovens.

Q. Have those investigations been useful?

A. Yes; very.

Q. Are there any other manufacturers of steel products you are aware of who have conducted investigations on such a scale as you have as to new processes, etc.?

A. Not on such a large scale, but I presume they all, more or less, are making a study of their business.

Q. You stated a few minutes ago that you were using considerable gas obtained in this way in the operation of your plants. Do you remember how many gas engines you are now operating?

A. I think it is 92.

Q. Do you know how much coal that saves a year?

A. Between 1,700,000 and 1,800,000 tons a year.

Q. What about electric furnaces for producing steel for rails?

A. We have one at South Chicago and one at Worcester, Massachusetts.

Q. Will you give some kind of a description of those?

A. It is a furnace with an electric—it is an induction furnace. The heat is created by electrodes instead of by fuel. It makes a purer steel; at least it is supposed to.

Q. Have you inaugurated any new uses for steel?

A. A great many.

Q. Can you name some of them?

A. Steel wheels, sheet steel piling, steel fence posts, steel telegraph poles, concrete—

MR. DICKINSON: Wait a minute. Have you put some period there to which you are referring?

MR. SEVERANCE: Well, since the organization of the Corporation, was what I had reference to.

By Mr. Severance:

Q. Did you make steel wheels before you bought the Schoen plant?

A. One, but we are using a different process almost entirely from what we were using then. We have a steel wheel that was invented by one of our superintendents.

By Mr. Dickinson:

When did you begin to make that?

A. In 1910. Mr. Ed. Slick was the inventor of that.

By Mr. Severance:

Q. That is what you mean? You did not mean it was the first steel wheel, but was a new type?

A. No; a new type of wheel.

Q. Go on, now. Read Mr. Farrell's answer as far as he has gone.

(The answer was then read as above recorded.)

A. (Continuing) Concrete reinforcement and various kinds of alloy steels for making tools of different kinds, a large number.

Q. Have you invented any new kinds of wire products, new types?

A. A great many.

Q. Mr. Farrell, I wish you would describe the cement industry, as far as the Steel Corporation is connected with it.

Mr. Dickinson: We object to that. There is no question raised about that.

Mr. Severance: I know, but it is a by-product, and I want to show how it is made.

Mr. Dickinson: Objected to as irrelevant.

The Witness: Our cement is manufactured from blast furnace slag, which is a waste slag.

By Mr. Severance:

Q. Was that slag from which you make cement entirely a waste product?

A. It was; used for filling in.

Q. Or thrown away?

A. Thrown away, yes; in fact, we had to buy a good many places to dispose of it.

Q. Well, it was a source of expense, was it not?

A. It was a source of expense.

Q. Where have you cement plants from which you make cement with the use of slag?

A. At Pittsburgh, a place called Universal, near Pittsburgh, and at Buffington, near Chicago, near Gary.

Q. Have you any other plant projected or being built?

A. We are building a plant now at Duluth, which will have a capacity of 1,400,000 barrels per annum.

Q. What was the capacity of the cement plants, say in 1901 or 1902, if you know?

A. My recollection is it was about 300,000 barrels when we first started.

Q. What is your capacity now, eliminating the proposed plant at Duluth?

A. Well, we produced last year 10,400,000 barrels.

Q. 10,400,000 barrels of cement?

A. Yes.

Q. At these plants in Pittsburgh and Chicago?

A. Yes. There are a number of units or plants in these groups; we call it a single plant, but there are various units.

Q. You mean they are all located at these two places?

A. Yes.

Q. For what purposes is that cement sold, and where is it sold?

A. It is a freight proposition, largely; it is sold for about 90 cents or $1.00 a barrel, and it can only go to places where the freight will carry it; that is, within a radius of perhaps five or six hundred miles or more of the plant.

Q. Are there a good many other cement plants in this country?

A. A large number of them all over the country.

Q. There are a great many out in New Jersey, are there not?

A. Yes, and through the West; Oklahoma, and different places; California and all over the country.

Q. Are you able to ship any cement to California?

A. No.

Q. Are there local cement plants, or ones that are reasonably accessible to all parts of the country, where you do ship?

A. Yes; the map is pretty well dotted with cement plants.

Q. To whom is the cement sold, and what is your method of distribution?

A. It is sold to contractors, merchants, consumers, municipalities. We are building roads all over the West now, cement roads. That is something that we have probably pioneered in; that is, we have built sections of roads for counties, and those cement roads are now being adopted all through the West. We also sell cement to manufacturers of all sorts of articles.

Q. Do you sell direct to farmers for cement farm buildings?

A. We sell to anybody.

Q. Well, do you sell to farmers?

A. Yes, we sell to farmers.

Q. Is that a large business?

A. That is a large business. People build silos and all sorts of small houses, and in fact, cottages and drain pipes; it is a very large business and a constantly growing business, and very large amounts of money have been expended in advertising the business, advertising the uses for which cement could be employed, and the purposes for which it could be used.

Q. What kind of publications do you send out on that subject?

A. We send out a monthly magazine, and all sorts of pamphlets; we have about 300 employees that are circularizing the consumers of cement, and possible consumers.

Q. You say you have 300 employees engaged in that publicity work?

A. In that publicity work, yes.

Q. Are these cement plants built in proximity to your steel plants?

A. Close to the furnaces.

Q. Previous to the making of cement from furnace slag in this way, what was it made from?

A. Rock.

Q. And is this cement that you make in this way sold in open competition with this rock cement?

A. It is, and of the same quality as the Portland cement. It is of a standard analysis, and standard in every respect; it is a formula, I should say.

Q. Mr. Farrell, in addition to what you have done in the way of improvements, that you have detailed, I want to ask you a few questions about new construction work that has been done in the way of enlarging the operations of the company. I wish you would describe Gary and the plant at Gary.

A. Gary is a plant with eight blast furnaces.

Q. Where is Gary, to start with?

A. Gary is about twenty miles east of Chicago on Lake Michigan. We have a large open hearth plant there, a rail mill, a structural steel plant, bar mills, mills for rolling sheet bar; and at Gary we have a large plant of the American Bridge Company, and a plant of the American Sheet & Tin Plate Company. We have expended in Gary up to the present time upwards of $80,000,000, of which $65,000,000 have been from earnings.

Q. What was the townsite of Gary when you started your work there?

A. I was one of the committee that went there. It was just a lot of sand dunes, a very tiresome place to walk over.

Q. Well, it was a waste place, was it not?

A. Just a waste country.

Q. Was there any town there then?

A. Nothing.

Q. How large a town is there now, around the works?

A. There must be a town of twenty or twenty-five thousand inhabitants, perhaps thirty thousand.

Q. During what period of time has that plant finished building?

A. Within five years.

Q. What have you there in the way of a harbor?

A. We have a harbor there which was built at the expense of the Corporation, and a breakwater, at a cost of over a million dollars.

Q. For what purposes do you use that harbor, what kind of traffic comes in and out of it?

A. The ore ships come in and discharge and go out again.

Q. The ore ships from the northern mines?

A. From Duluth and Escanaba, two ore ports, Two Harbors, etc.

Q. What territory is supplied with steel products from the Gary plant?

A. The territory contiguous to Chicago and the western part of the country, and as far south as St. Louis, the western part of Ohio, and all of Indiana.

Q. What subsidiary company operates the Gary plant?

A. The Indiana Steel Company.

Q. I do not mean who owns it, but who operates it?

A. The Illinois Steel Company operates it.

Q. And that is the same subsidiary that operates the other plants in the vicinity of Chicago, Joliet?

A. Yes.

Q. What has been done towards the construction of a plant at Duluth?

A. We are building a very large plant at Duluth.

Q. When did you begin that construction?

A. About four years ago. The plant will be completed the early part of next year. We have expended there up to the present time about $7,500,000, and have recently appropriated $2,000,000 more to finish the plant, and we are going to put in two more open hearth furnaces.

Q. Describe the plant that is under construction.

A. The plant consists of two blast furnaces, twelve open hearth furnaces, and a bar mill; that is, a merchant mill to roll bar mill products, which are bars, light angles, light shapes and structural material of all kinds. The mill will have a capacity of about one thousand tons per day of finished product. The cement plant is being built alongside the steel works. That plant will cost $1,700,000.

Q. $1,700,000, or $1,400,000?

A. No, the capacity is 1,400,000 barrels a year.

Q. What territory is that plant supposed to supply when it is finished?

A. Markets in St. Paul and Minneapolis. We expect to get into the Canadian market, to Winnepeg and as far west as Calgary, Duluth, and vicinity.

Q. What has been done by the Corporation at McKeesport?

A. At McKeesport the National Tube Company's plant has been entirely rebuilt at an expense of $13,000,000.

Q. When was that done?

A. Within the past seven years, gradually. We operated part of the old plant, and built new plants, and finally completed the whole thing.

Q. How large a building is that?

A. One of the buildings that I have been through there is 1500 feet long by 300 feet wide. It is a butt and lap welding plant. It covers a great many acres of ground on the Monongahela River at McKeesport.

Q. What is the product that is manufactured there?

A. Pipe, merchant pipe and boiler tubes, couplings, etc.

Q. Did that plant make any increase in the capacity of the National Tube Company, the rebuilding of that plant?

A. To some extent.

Q. What was done at Lorain in the way of mills?

A. We have spent nearly $14,000,000 at Lorain.

Q. Where is Lorain?

A. It is on Lake Erie.

Q. Near what city?

A. Near the City of Cleveland.

Q. What kind of plant have you rebuilt there?

A. We have a very large tube plant, which is an entirely new plant. We have a mill there for rolling girder rails, four blast furnaces, and an open hearth steel plant, a very fine property.

Q. Have you a harbor on the lake there?

A. Yes.

Q. Or on the river, rather?

A. The Black River.

Q. Near the Lake?

A. Yes.

Q. You say it is a fine property; is that a well equipped plant?

A. It is a very well equipped plant.

Q. What have you done at Ambridge?

A. At Ambridge we have built a very large bridge fabricating plant at a cost of $4,000,000.

Q. Where is Ambridge?

A. Ambridge is on the Ohio River, about thirty miles west of Pittsburgh, or southwest.

Q. I forgot to ask you when that tube mill was built at Lorain, that tube plant.

A. In 1904, 1905 and 1906.

Q. When was the Ambridge plant built?

A. 1905 and 1906; started in 1902, a large plant.

Q. Aside from these large plants you have spoken of as having built, what has been the policy of the Corporation in the maintenance of the big steel plants at Homestead and Duquesne and at Chicago, and around, as to keeping them in an efficient state or otherwise?

A. It has been the policy of the Corporation to keep these plants in the best possible condition, with constant replacements, new machinery, and extensions to the plants have been made, all with a view of increasing their general efficiency, and a great deal of money has been expended for that purpose on all these plants.

Q. You stated the other day that you had a considerable amount of Bessemer capacity that was obsolete, as you called it, and that there had been a demand for open hearth steel. What have you done toward supplying the demand for open hearth steel that has arisen in the last three years?

A. We are building at Pittsburgh a new steel works, a rail mill at Braddock, Pennsylvania, with a capacity of 750,000 tons a year of open hearth steel. That is to take up the rail business. This Bessemer equipment is obsolete; that is, the equipment is just as good as new, but the demand does not exist, so consequently we can not employ it, and it necessitates producing steel that is required by the buyers. We are spending there about $11,000,000.

Q. You mentioned Gary, Duluth and some improvements at Tennessee. Have you built any other open hearth plants?

A. Two at Clairton.

Q. Where is Clairton?

A. Clairton is on the Monongahela River, about 40 miles from Pittsburgh.

Q. Do you remember the time that the Clairton Steel plant was purchased by the Corporation?

A. Yes.

Q. What was it making at the time? What was it built to make?

A. It was built to make, principally bar mill products.

Q. What was the condition of the seller, at the time, if you know?

A. I understood that their financial position was such that they were compelled to dispose of the property.

Q. Was it producing anything but pig iron and billets; was it equipped for anything other than that when you bought it?

A. No, the finishing mills were installed later. It made pig iron and billets when we bought it. Then we put in finishing mills to roll bars and angles and shapes.

Q. What kind of a plant is it now which you have at Clairton?

A. A very good plant.

Q. Is it a large plant?

A. It is a large plant; yes, sir.

Q. Has any considerable amount of money been expended there in completing and enlarging it?

A. A large amount.

Q. Do you recall the amount?

A. A recent expenditure was $700,000.

Q. Do you recall now the cost of the finishing mill which you put in, which you mentioned?

A. No, I do not.

Q. What has been done in the way of rendering more efficient, if anything, the Illinois Steel plant, since the Corporation has had it?

A. Very large sums of money have been expended, at South Chicago, Joliet and Milwaukee. Since the formation of the Corporation, about $424,000,000 have been put into the plants for new equipment and extensions.

Q. You mean $424,000,000 in all of the plants?

A. $424,000,000 in all of the plants, and about $123,000,000 or $124,000,000 for replacements and rehabilitations, and so on.

MR. SEVERANCE: As it is about four o'clock and I am ready to take up another topic, I think we might as well adjourn.

(Whereupon an adjournment was taken until tomorrow, Friday, May 16, 1913, at 10:30 o'clock a. m.)

FIFTY-SEVENTH DAY.

Empire Building,
71 Broadway, New York City,

Friday, May 16, 1913.

Before Special Examiner Henry P. Brown.

Present on behalf of the United States, Mr. Dickinson and Mr. Colton.

Present on behalf of the Defendants, Mr. Severance and Mr. Bolling.

JAMES A. FARRELL,

the witness under examination at the taking of the adjournment, resumed the stand.

DIRECT EXAMINATION (Continued)

By Mr. Severance:

Q. There has been some reference in the testimony in the case to what is known as the Pittsburgh base for selling steel products. How long ago did the Pittsburgh base, so-called, originate?

A. The Pittsburgh base has been a custom for over fifty years in the iron and steel trade.

Q. Do you know why the prices have been based on Pittsburgh?

A. Because the large percentage of the production of the country was situated near Pittsburgh, and in the so-called Pittsburgh district, and a large number of the buyers of the country were located there.

Q. What classes of buyers do you mean?

A. Buyers of iron and steel products.

Q. Who bought for what purpose?

A. Who bought for re-selling, and also for re-manufacturing. The Pittsburgh district was at that time, and still is, the largest iron and steel producing district.

Q. So that I can understand what is meant by Pittsburgh base, let us take a concrete case. Suppose material is produced in Pittsburgh for delivery at, we will say, Omaha, Nebraska. What would be the price at Omaha?

A. It would be the Pittsburgh price, plus the freight to Omaha.

Q. It has appeared in the testimony that steel manufactured in other manufacturing centers has been sold also on the Pittsburgh base?

A. Yes.

Q. Now, suppose that steel is manufactured at Chicago, we will say, sold on the Pittsburgh base for delivery in Omaha, what would that mean, as to the price paid in Omaha for the steel so manufactured in Chicago?

A. It would be the Pittsburgh price plus freight to Omaha.

Q. From Pittsburgh?

A. Yes.

Q. Assuming that freight from Chicago to Omaha is less than the freight from Pittsburgh, which I suppose is not a very violent assumption, would the steel net the Chicago mill more money, at the mill, than it would in Pittsburgh?

A. More.

Q. On account of that difference in freight as between Pittsburgh to Omaha, and Chicago to Omaha; is that a fair illustration?

A. Yes.

Q. Has there been for many years a foundry iron base?

A. Yes, Birmingham, Alabama.

Q. How is foundry iron sold in the Pittsburgh district, without any reference to the price in Birmingham?

A. The Birmingham price plus the freight, for foundry iron.

Q. When foundry iron is quoted in the trade papers on what basis is it quoted?

A. Birmingham.

Q. What is the occasion of Birmingham being a base for foundry iron?

A. It was for many years the largest producing district.

Q. What has been the basing point for charcoal iron?

A. Michigan furnaces.

Q. Is charcoal iron sold higher or lower in Michigan or in Pittsburgh?

A. Lower in the producing points.

Q. What would be the ordinary price, in the Pittsburgh district, of charcoal iron?

A. It would be the price at the furnace in Michigan, plus the freight to Pittsburgh.

Q. So that in this industry you have had these three basing points?

A. Yes.

Q. Now, has the Pittsburgh base been strictly adhered to?

A. No.

Q. What has occasioned deviations from the Pittsburgh base in selling steel?

A. Occasionally the manufacturers in Chicago or Buffalo or Phoenixville or Bethlehem, or some other place, may absorb some of the difference in freight.

Q. What is the occasion of doing that?

A. Because of the fact that the industries are growing up in those sections; they are becoming large producers; there are large manufacturing industries contiguous to those plants, and the manufacturers have encouraged them as much as they could.

Q. Encouraged these deviations?

A. Yes.

Q. Take another concrete case; the Lackawanna Steel Company is located at Buffalo?

A. Yes.

Q. Are there manufacturers in Buffalo who are making products from steel?

A. Yes, a large number.

Q. And are there manufacturers in Pittsburgh who are making similar products from steel?

A. Yes.

Q. How do the freight rates from Buffalo to Chicago, for example, compare with freight rates from Pittsburgh to Buffalo?

A. About the same.

Q. Suppose that a manufacturer in Buffalo, I mean the

man who consumes the steel, was charged by the Lackawanna Steel Company the Pittsburgh price plus the freight to Buffalo, would it embarrass him in competition with similar manufacturers in Pittsburgh?

A. He would confine his business to Buffalo.

Q. Is an example like that such as you have in mind, as to the manufacturers encouraging these deviations?

A. Yes; take for instance a concern like the Buffalo Bolt Company, a large consumer of bars, probably 18 or 20 thousand tons a year, they would be confined to the Buffalo district and would be unable to compete with bolt makers in Chicago or bolt makers in Pittsburgh.

Q. Are there any steel manufacturers along the Ohio River that have in any way deviated from the Pittsburgh base in selling steel?

A. Yes, at Wheeling, Ashland, Kentucky, Portsmouth, Ohio, and Newport, Kentucky.

Q. In selling into the South how do they make their prices?

MR. DICKINSON: Who make the prices?

MR. SEVERANCE: These places along the river.

THE WITNESS: They generally sell f. o. b. their works on the Pittsburgh base.

By MR. SEVERANCE:

Q. Exactly what do you mean by Pittsburgh base?

A. The price in Pittsburgh plus freight.

Q. Or without freight?

A. Without.

Q. Without freight added?

A. In other words, they have an advantage in those sections, that is, they make an advantage.

Q. I am coming to that. Now, are the freight rates from these plants along the Ohio River, that are nearer to the southern territory than Pittsburgh, less than the rates from Pittsburgh to the southern territory?

A. Less.

Q. What effect does that have upon the price at Birmingham as to affecting the Pittsburgh base?

A. It results in a lower price.

Q. Are there many other examples or no more examples than I have cited to you, of variations from the Pittsburgh base?

A. A considerable number.

Q. How have the Colorado Fuel & Iron Company sold?

A. They have sold on the Pueblo base.

Q. That is where their plant is located?

A. Yes.

Q. In the testimony of certain witnesses for the Government, Mr. Baackes, Mr. Cragin, Mr. Derham and possibly others, there were references to certain pools in wire products, of which a certain Mr. Jackson was what was called supervisor. Did you have knowledge of the existence of those associations?

A. There was general knowledge in the trade that such associations existed.

Q. Did you know of them?

A. I was told that there were such associations—customers and everybody else.

Q. Was the United States Steel Products Company a party to those?

A. No, sir.

Q. By the way, during the old days, previous to the organization of the Corporation when you were managing the Pittsburgh Wire Company, was that company a member of any of those pools?

A. No.

Q. Did you ever have any conference with Mr. Jackson with reference to these wire pools?

A. You mean Mr. Jackson, the counsellor at law?

Q. Yes; the man who has been referred to as supervisor of these pools

A. No, sir.

Q. In selling goods for export for the various subsidiaries of the United States Steel Corporation, did the Steel Products Company make the price? Or, I will ask you this: You were selling as agents of these subsidiaries?

A. As agents.

Q. Did the Steel Products Company make the price at

which you should sell, or was that matter controlled, or were conferences held with the various subsidiaries?

A. It depended upon the character of the products. In high-priced products the manufacturing companies made the prices.

Q. In high-priced products?

A. Yes.

Q. Take for instance the matter of copper wire. Who fixed the price at which copper wire should be sold by the export Company?

A. The American Steel & Wire Company.

Q. Why was that different from the price of low grade products?

A. Because of the cost of the raw material which entered into the manufacture of the product, and because of the constant fluctuation in the raw material cost. Material that costs $300 to $400 a ton might fluctuate $20 a ton over night in the price of the ingot.

Q. There was introduced in evidence a copy of a certain affidavit that you made as to the amount of a certain kind of wire product exported, weather proof wire, I think it was.

A. Yes.

Q. Did you execute such an affidavit?

A. One, at least.

Q. At whose request?

A. At the request of the American Steel & Wire Company or at the request of Mr. Cragin.

Q. Mr. Cragin?

A. I believe so.

Q. That was simply an affidavit showing the amount you had exported.

MR. DICKINSON: I object to counsel stating what it was.

By MR. SEVERANCE:

Q. What was it?

A. An affidavit showing the amount of material we had exported in some particular month.

Q. Where did you send that when it was executed?

A. I believe it was sent by one of my assistants at that

time to the Worcester office of the American Steel & Wire Company.

Q. Did this Mr. Jackson, who has been referred to as a supervisor of these pools, ever call on you?

A. Yes.

Q. With whom?

A. With a representative of the Roebling Company, the secretary, I believe.

Q. Whereabouts?

A. At my office at 30 Church Street, the Hudson Terminal Building.

Q. Did you see him?

A. I did not; I refused to see him.

By Mr. Dickinson:

Q. How do you know he called, then, if you did not see him? Somebody told you so?

A. Because my clerk came in and told me that Mr. Shippy, who was secretary of the Roebling Company, and Mr. Jackson, were outside and desired to see me.

Q. Then you heard somebody say that he was there?

A. Yes.

Q. You do not know it yourself?

A. I did not see them out there, no.

Mr. Dickinson: I object to that as hearsay.

By Mr. Severance:

Q. You knew at that time that he was the reputed supervisor of these pools?

A. He had endeavored to get into communication with me on the telephone, and failing to do so, as I told the operator I would not talk to Mr. Jackson, he came around and got Mr. Shippy, who was a personal friend of mine, that is, we had been in the wire business all our lives together, and Mr. Jackson came to the office with Mr. Shippy, and I would not see them.

Mr. Dickinson: I object to that as hearsay.

Mr. Severance: You say you object to that?

Mr. Dickinson: Has he given the date?

By Mr. Severance:

Q. Do you know about when it was?

A. In January, 1908. I cannot give the exact date.

Q. Did you have any correspondence with Mr. Baackes, the General Manager of sales of the American Steel & Wire Company, with reference to having something to do with or seeing Mr. Jackson?

A. I did, a rather emphatic correspondence.

Q. Have you that with you?

A. Yes.

Q. Will you produce it?

(Witness produces papers.)

Mr. Dickinson: Let me see that before it is offered.

By Mr. Severance:

Q. Yes, just a minute. I will ask you first, has this correspondence been in the hands of counsel for the Government?

A. I do not know.

Mr. Severance: I will have these letters marked. Mr. Colton will admit it?

Mr. Colton: Yes. It has been in my hands.

(The letters referred to were received in evidence and marked respectively, "Defendants' Exhibits Nos. 49, 50, and 51, Farrell, May 16, 1913," and will be found in the volume of exhibits.)

By Mr. Severance:

Q. I show you defendants' exhibits 49, 50 and 51. What is 49; is that a letter from Mr. Baackes?

A. That is a letter from Mr. Baackes to me, dated January 22nd, 1908.

Q. Do you know his signature?

A. I do.

Q. That was received by you in the regular course of business?

A. Yes.

Q. I show you Defendants' Exhibit 50. What is it?

A. A copy of an original letter I wrote Mr. Baackes on the 23rd of January, 1908, in reply to this letter.

Q. Is it a carbon copy?

A. It is.

Q. I show you Defendants' Exhibit 51. What is that?

A. A copy of Mr. Baackes' letter of January 25th, 1908.

MR. COLTON: Having admitted that they were in my hands before, may I glance at them.

MR. SEVERANCE: Yes. (Handing papers to Mr. Colton.)

MR. DICKINSON: This is objected to on the ground that it is irrelevant and incompetent and matter transpiring between parties in common interest, and self-serving statements made about the time the question of prosecution was being mooted; and on the further ground that the entire correspondence is not produced.

MR. SEVERANCE: The Government has already offered what it liked of it, and it is in the record.

MR. COLTON: No, we offered all that we could get.

MR. SEVERANCE: No; you had those and did not offer them.

MR. COLTON: No, for the reasons stated.

By MR. SEVERANCE:

Q. I notice on the top of Exhibit 49 a pencil memorandum. What is that; is it in your handwriting?

A. That is in my handwriting, yes, sir.

Q. What is it?

A. "Supervisor Jackson and a man from Roebling's."

Q. When did you make that?

A. About the time this letter came in.

Q. That was with reference to that call you have testified to?

A. It was, yes.

MR. DICKINSON: Ask him what it was in reference to, without telling him.

THE WITNESS: It was just a memorandum made—

MR. DICKINSON: I understand, but I object to counsel suggesting what the answer should be, as improper examination and leading.

By MR. SEVERANCE:

Q. I think as long as we have no copies of these, you had better read these into the record.

A. (Reading)

CHICAGO, January 22nd, 1908.

MR. FARRELL:

Several times I have meant to see you with reference to the exporting of some of our association goods, on which it seems that you have taken the position that you are not going to be tied by any agreement we have made with the domestic manufacturers.

I don't believe that Mr. Cragin thoroughly understands your position because I cannot imagine your taking such a stand that would affect the interests of the company in their domestic business. What I have special reference to is weatherproof wire, and while you have a certain amount of latitude and freedom in making prices owing to the world's competition, at the same time I know that you always take into consideration the domestic situation. Now this weatherproof wire is practically an American product and there is no reason why we should not maintain absolutely the domestic prices, provided it is so understood by all of the manufacturers.

I understand that a committee has been appointed to wait on you in this matter and I want you to acquiesce in the position we take, because we are doing a very fine business in our electrical lines, having made more money during the past year than we have any two or three years previously, and this is all due to the close co-operation among manufacturers. If this proposition was all a free lance affair, there would not be enough profit for anyone to do business, and it would simply be a question of consuming copper without profit.

Yours very truly,

F. BAACKES."

Q. That is Exhibit No. 49, Mr. Farrell?

A. Exhibit No. 49.

Q. Now read your reply to that, Exhibit No. 50.

A. (Reading)

"JANUARY 23, 1908.

MR. F. BAACKES, Vice-President & General Sales Agent,
American Steel & Wire Company,
Chicago, Ill.

DEAR SIR:

Weatherproof Wire:

Replying to your letter of January 22nd: You are correct in assuming that we would not take any stand that would affect the interests of your company in its domestic business. There is not, however, any reason why we should receive deputations from Associations which we know nothing about, and with which we have no connection. For obvious reasons it is preferable that we should have nothing to do with them, and that is the reason why we have not encouraged Supervisor Jackson and the deputation he desires to bring with him to discuss our policy.

If you have any recommendations to make with regard to the prices we shall quote on weatherproof wire, or any other of the products of your company, of course, we shall respect your wishes, and presume you would prefer to handle them direct with us rather than through outside mediums.

Yours very truly,
President."

Q. Now read the reply to that.
A. (Reading)

"CHICAGO, January 25th, 1908.

MR. FARRELL:

Answering your favor of the 23rd instant. No, indeed, I don't want Supervisor Jackson or anyone else to go to see you which is the reason I wrote you as I did. I don't quite understand why it was that this resolution was taken by the manufacturers; Mr. Cragin should have prevented it. What I would wish you to do is, if Mr. Cragin asks it,

you maintain absolutely the domestic prices on weatherproof —he is handling that proposition.

Yours very truly,
F. BAACKES."

Q. Mr. Farrell, when you stated a moment ago that the existence of these pools that were run by Mr. Jackson was a matter of common knowledge in the trade, or some such expression, what did you mean by that?

A. I mean, common knowledge among the heads of the several departments of the company.

Q. Did you ever impart any information concerning what you had learned about those pools or what you might have inferred about them, or say anything about them in any way to Judge Gary or any of the executive officers of the Steel Corporation?

MR. DICKINSON: Objected to as irrelevant and incompetent.

THE WITNESS: I did not, on the ground that I did not consider it was my business.

By MR. SEVERANCE:

Q. So far as you know, did any of them know anything about it?

MR. DICKINSON: Objected to as irrelevant and incompetent.

THE WITNESS: Not to my knowledge.

MR. SEVERANCE: I have several short exhibits here, made up in the comptroller's office, and Mr. Farrell looked over the originals with me this morning, and I had them typewritten. I have only one copy, and I will show them to you while we are waiting for the other copies.

Perhaps instead of using these exhibits, I might read it right into the record.

MR. DICKINSON: All right.

By MR. SEVERANCE:

Q. Mr. Farrell, have you had drawn off from the books of the Steel Corporation a statement of the percentage of the total business done in steel and iron and other rolled and

finished products respectively in the domestic and foreign trade for 1911 and 1912 on the basis of tonnage, and also selling value f. o. b. at the plant?

A. The aggregate?

Q. Yes.

A. Yes.

MR. DICKINSON: Did you ask him if it was done by him? You said the percentage of business; you mean done by the United States Steel Corporation?

MR. SEVERANCE: Yes; in the export and domestic business.

By MR. SEVERANCE:

Q. Will you kindly state what that was for each year by itself?

On the basis of tonnage shipped: 1911, domestic, 82.4 per cent; export, 17.6 per cent.

Q. 1912?

A. 1912; domestic, 82.6 per cent; export, 17.4 per cent. On the basis of selling value f. o. b. mill or plant, 1911, domestic, 84.5 per cent; export, 15.5 per cent. 1912; domestic, 84.2 per cent; export, 15.8 per cent.

Q. That don't involve any classification of the character of the product sold, either domestic or export?

A. That is just the aggregate tonnage.

Q. And value?

A. Yes.

By MR. DICKINSON:

Q. Mr. Farrell, did you make this up yourself?

A. No, sir.

Q. It was made up for you?

A. Made up for me.

Q. You did not verify it yourself?

A. No, sir; I accepted the statement prepared by comptroller Filbert of the Corporation.

MR. DICKINSON: We except to that as secondary evidence, and incompetent. As I understand, this only shows the percentages of foreign and domestic business done by the Corporation, a comparison of the two.

THE WITNESS: Yes.

By Mr. Dickinson:

Q. In tonnage and in value?

A. Yes.

By Mr. Severance:

Q. In the answer there is an allegation that over 22,000 employees of the United States Steel Corporation are registered owners of its stock, and that there was an additional number of 8,000 employees subscribers therefor. Have you had drawn off as of May 1, 1913, from the books of the Corporation, a statement as to the number of registered holders who are employees, and as to the additional employees who are subscribers for stock and paying for the same in installments?

A. I have.

By Mr. Dickinson:

Q. Is that paper prepared just like the other?

A. Yes.

Q. And submitted to you?

A. Yes; by one of the employees.

Mr. Dickinson: We except to that as being secondary, and also on the ground that it is irrelevant and incompetent, and that it relates to a date subsequent to the issues made up in this cause.

By Mr. Severance:

Q. I will ask you first, in round figures about the number of the respective employees there were at the time the answer was filed in this case.

A. About 22,000 or 23,000.

Q. I will ask you to state what the number is, as shown by the books, on the 1st of May, 1913, refreshing your recollection by the statement made up under your direction by Mr. Filbert, the comptroller.

A. Registered holders who are employes, 23,786. Additional employes who are subscribers to the stock and are paying for the same in instalments, 21,630.

By Mr. Dickinson:

Q. Did you ever, yourself, examine the stock books?

A. No.

Q. And tabulate these?

A. No.

Q. Have you any information except what is in that paper furnished to you by others?

A. I am one of the subscribers and paying for my stock.

Q. You, yourself?

A. Yes.

Q. I mean as to those figures there. Have you any personal knowledge as to the accuracy of those figures?

A. Not other than the statement that was prepared by the Comptroller and submitted to me.

Q. That is what I understand. Therefore you are making your statement on the basis of what is furnished to you by others?

A. Yes.

MR. SEVERANCE: Furnished to him by the Comptroller, Mr. Filbert.

MR. DICKINSON: Yes.

By MR. SEVERANCE:

Q. This statement, Mr. Farrell, speaks of registered holders who are employes, and additional employes who are subscribers for stock and paying for the same in instalments. What is the nature of the arrangement under which the latter class are buying and paying for stock?

MR. DICKINSON: That is excepted to as irrelevant and incompetent.

A. The registered holders are those that have paid for their stock on the instalment plan, and the others are those who are paying for the stock in instalments; easy payments.

MR. SEVERANCE: We will show all the details of that arrangement later.

By MR. SEVERANCE:

Q. Mr. Farrell, what has been done by the United States Steel Corporation, running over the last few years, in the way of sanitation and welfare work about the mills at various places; you have already testified with reference to certain

work done in the Tennessee Coal & Iron; that is, in a general way.

MR. DICKINSON: This is objected to as irrelevant and incompetent. I also enter the same objection to what has been testified to in respect to the Tennessee Coal & Iron Company.

By MR. SEVERANCE:

Q. You made up some memoranda on this subject yourself, did you not, personally?

A. Yes.

Q. To refresh your recollection about some of these matters?

A. Yes.

Q. That you may use, if you desire, to answer my questions. What is the general character of this work that you have done in the way of sanitation and welfare work? What kind of institutions have you established, and where?

A. The work is in charge of a bureau, and a systematic study has been made of all of our plants and properties with a view to improving sanitary conditions and the general environment of the employes. May I read these memoranda?

MR. DICKINSON: I would like to look at them before you read them.

MR. SEVERANCE: That is all right. They are simply things he has made up himself to refresh his recollection, so that he will not overlook anything in these matters.

MR. DICKINSON: He can read them, subject to objections as to irrelevancy and incompeteney.

MR. SEVERANCE: Of course they are only prepared as memoranda. I shall want to ask him a good many questions in regard to them. He asked if he could read it.

MR. DICKINSON: I say he can, but I want to enter that objection.

By MR. SEVERANCE:

Q. I have asked you as to the general nature of the work.

A. Sanitation and welfare work:

Prior to 1910 the subsidiary companies of the Corporation were more or less active in sanitation and welfare work, each

in its own way. In 1910 plans were evolved for conducting this work throughout the organization in a systematic manner.

Under this arrangement there were expended during 1911, $1,250,000, and during 1912, $1,068,243. These expenditures covered disbursements for a wide range of purposes. Some of the most important are emergency hospitals, drinking water systems, including sanitary fountains in the works, sanitary water closets, ventilating and cooling systems, plots of ground for vegetable gardens, improving dwellings, club houses for athletic purposes, swimming pools, baseball grounds, shower baths and chilren's playgrounds. The common drinking cup has been abolished.

Q. Taking up some of these in order, what sort of installations are covered by the statement of ventilating and cooling systems?

A. In the sheet steel mills particularly, where the heating furnaces are close to the rolls, there is a very intense heat in the works at all times, particularly in the summer time. In all of these works we have established blowers and cooling apparatus, which reduces the temperature from over 100 down to 65 or 70 or 75. That has been installed in the hot mills; that is, mills where the slabs and billets and sheet bars come from the furnaces, and are worked in the rolls adjacent to the furnaces.

Q. About how much money was expended in that installation of the American Sheet & Tin Plate Company?

A. A little over $70,000.

Q. Does that serve any purpose other than the comfort of the men employed?

A. Yes, it increases the efficiency of the men. It is an economic proposition, not necessarily a philanthropic one.

Q. That is what I want to bring out. What difference does it make in the efficiency of the men, if you have these installations?

A. It enables them to increase their output, they earn more wages and we get more product.

Q. Does it make any difference as to the necessity of shutting down in very hot weather?

A. It does.

two miles under the surface. I have been in all these mines or nearly all of them.

Q. That is the northern mines?

A. The northern mines.

Q. Have you been in the southern mines, the Tennessee mines?

A. Not below the Pocahontas region; I have been in the Pocahontas mines.

MR. SEVERANCE: Have you been in the ore mines in the Northwest?

A. Yes, and the coal mines in the Connellsville region.

Q. Have you been through the mills in the Chicago district and Pittsburgh district?

A. All of them, two or three times a year, and sometimes oftener.

Q. Have you a personal acquaintance with a large number of the men employed?

A. Thousands of them; I have worked with a great many of them.

Q. In addition to having these emergency hospitals and first aid to the injured equipment, take a plant like the Homestead Steel Works; what methods have you employed to call the ambulance and give notice of injuries and get these people out?

A. We have an electric installation in the works with a central office in the building in which the ambulance is located. These ambulances move around very quickly, and they are specially built and very comfortable, I mean noiseless.

Q. Do you maintain in connection with your work visiting nurses?

A. Yes; in all of our large districts we have a visiting nurse who visits the families of our workmen. Those nurses are women who speak various languages; some of them Hungarians and some Americans, and some Slavonians, and so on.

Q. You mentioned among other things the installation of drinking water systems?

A. Yes.

Q. Including sanitary fountains. Will you explain what those are?

A. We have established at all our works water purification plants, and the drinking water is piped through the mills, and fountains are erected in which the water bubbles through a pipe, and as a rule the men drink the water through the pipe and do not use any utensil at all. That water is absolutely free from all impurities. We have a corps of bacteriologists, and these gentlemen analyze this water every day or two. They have a special laboratory.

Q. Whereabouts?

A. One in Pittsburgh, one in the Connellsville region, one in the Chicago region, one at Lorain, and in the various districts contiguous to these properties. It has prevented a great deal of sickness.

Q. What effect has that had upon typhoid in the regions?

A. It is practically unknown.

Q. How was it formerly, before you installed these systems?

A. There was a great deal of it; the water was principally the river water. In the Pocahontas region we felt it necessary to build a large bakery there and prepare the bread and cake and crackers for the men, because in that mountainous district most of these bakers were Italians, and their bakeshops were not only uninviting, but—

Q. But somewhat unsanitary?

A. But somewhat unsanitary, so we built at a very large expense in the Pocahontas region a large bakery and all our men come there to get their bread and cake. I have frequently had it when I have been there.

Q. There is also a reference in your statement to sanitary water closets?

A. Yes.

Q. What have you done towards providing water systems and sanitary water closets?

A. Sanitary water closets have been built at all the plants, and they are in charge of a man who sees that they are properly maintained.

Q. You spoke of improving dwellings. What did you have reference to in that connection?

A. The surroundings of the dwellings, principally. In the Connellsville District 53 hundred and some odd gardens

were planted by the employes there last year, and the vegetables that were raised in these gardens were valued at over $250,000.

Q. Did you furnish the gardens?

A. Yes. And we have also put in sanitary water closets in all of these dwellings, and proper drainage; the idea being to preclude the possibility of any disease of any kind in the community.

Q. Where is that, in the Connellsville region?

A. All through these different places; but I speak in particular of the Connellsville region, where the employes planted some 5,300 gardens. There are large numbers of our workmen in that district. And the value of the vegetables raised by these men last year was over $250,000, about $45 or $50 a man.

Q. What did the coke company operating there have to do with that?

A. They furnished the seeds and furnished the men to prepare the gardens. The workmen looked after the gardens after the plants began to grow, but all the preliminary work was done at the expense of the company. Prizes were offered for the best gardens, and there was quite a competition.

Q. You also mentioned improving dwellings. Do you own a lot of dwellings in which the men live?

A. We own a large number of dwellings in the coal mine district in the Pocahontas region. We are obliged to erect dwellings because there are no houses located in these places, and those that are there are unsuitable for habitation in most instances. These dwellings run all the way from four to eight dollars a month. They consist of houses with six, eight, ten and in some instances twelve rooms, and with not less than one bathroom, and sometimes two.

Q. During what period of time have you been engaged in building those dwellings?

A. Since the formation of the United States Steel Corporation.

Q. In the Pittsburgh District around your mills do a good many men own their own homes?

A. Yes, a great many of them.

Q. Are there men there who have been in the employ of the various subsidiaries for a long time?

MR. DICKINSON: That is excepted to. I don't know but what the other general exception covers it.

A. Large numbers.

By MR. SEVERANCE:

Q. Covering what period of years?

A. Some of them forty years; a great many thirty. The pension system, of course, allows a man to retire on a pension at the age of 60. We have 1857 pensioners drawing a pension of $20 per month.

MR. DICKINSON: That is excepted to as incompetent and irrelevant.

By MR. SEVERANCE:

Q. About the iron ranges in Minnesota, what do you do in the way of maintaining club houses and other places of that character for the men?

A. We have very large club houses at all of the central points, points like Hibbing and Eveleth and Tower, on the Duluth and Iron Range Road, and at the transfer junction above Duluth there, Proctor.

Q. You spoke of swimming pools and ball grounds, shower baths; explain that a little further.

A. We built a concrete receptacle, a large concrete receptacle, at various places, principally in the mining countries; those are generally built on a hill, and they are very large. The water is changed two or three times a day. They are in charge of two men and they are very largely patronized by the children. Then at all of the mines we have what we call a change house. Before the men go in the mines they change their clothing. Each man has a large locker. His clothing is hung up. If it happens to be raining when he is going to work there is a custodian of this change house who dries out his clothing while he is in the mines. He goes to another locker and takes the clothing which he uses in working in the mines. When he comes out he changes his clothes, has a shower bath, puts on his dry clothes and goes home.

Q. Mr. Farrell, what have you done towards the installation of safety devices for the prevention of accidents?

A. We have installed safety devices in all of our works, mines, on our ships, and at all of our properties. There was expended in 1911 and 1912 $1,363,367 for safety devices.

Q. What has been the ratio of reduction of serious or fatal accidents among your employes since 1906, if you know, in round figures?

A. It is estimated that a reduction of 40 per cent in accidents has occurred in that period. We estimate that 8200 employes have been saved from injuries of one kind and another, semi-minor, or serious.

Q. Since you went thoroughly into this in 1906, you mean?

A. Yes, from 1906 to 1912.

Q. I wish you would describe, Mr. Farrell, the character of these safety devices that you have installed in the steel mills first?

A. All of the machinery has been enclosed, so that a man does not catch his clothing in a pulley, or in passing a roller. Various apparatus have been installed to protect the eyesight of men.

Q. Explain that. That is interesting.

A. Well, every emery wheel on which grinding is done is protected with a shield. The men are also provided with spectacles.

Q. Goggles?

A. Goggles.

Q. What has been done towards warning the men?

A. In all of our plants display cards are hung up or signs shown in all the works in all languages warning the men against any possible injury.

Q. Mr. Farrell, can you make a comparison, not as to results, but giving some instances of the changes that have taken place around the steel mills by reason of this accident prevention work, compare the situation as it is now and has been for the last two or three years, with what it was in the old days when you knew the work previous to the organization of the Corporation?

A. Roughly speaking, the works are a paradise today compared with what they were in the old days.

Q. That is what my friend will call a conclusion, I think. Just give us some details.

A. I do not quite get your question.

Q. Give some details as to the changes you have made, what there is there to protect the men that was not used in the old days?

A. All of the machinery that was formerly exposed is protected with guards, that is, enclosures, wire guards. In moving machinery there are safety appliances which prevent the men from falling off the cranes, and all that sort of thing. Subways have been built so that the men do not cross the tracks. A very large amount of money has been expended in building subways from one plant to another, so that the men are not crossing the railroad tracks.

Q. Were these things in vogue in the old days?

A. No.

Q. What has been done towards securing greater safety on your vessels on the Lakes? You mentioned something of that kind a moment ago.

A. We have installed safety appliances of all kinds. On each one of the lake vessels there is a trolley from the forward part of the ship to the after part, to avoid such a disaster as happened several years ago outside of Duluth Harbor, where a ship ran ashore and broke in two, and the crew were all aft. If they were forward they could have been saved, so that on each of these ships there is a trolley about 600 feet long, and a man can sit in what we call at sea a "bosun's chair," and they can ride on that from one part of the ship to the other.

Q. What do you know about the sea? You say at sea. Have you ever been to sea?

A. My father and my grandfather were in the business, and I made two or three voyages when I was twelve or thirteen years of age. Then on all of our ships we have guns for firing life lines. A great many of these things are put on because of our own desire to increase the safety of the men. We do not wait until a law is enacted before we do anything. In the case of our ocean-going ships, the law says that any ship carrying 50 men must be equipped with wireless. None of our

ships carry more than 35 men, but they are all equipped with wireless.

Q. Are these various kinds of safety devices and means of prevention of injury or death, that you have mentioned, of value, in your opinion, in increasing the efficiency of service of your men?

A. Immeasurably; they not only increase the efficiency of the men, but result in their having better health and ability to earn more money, especially piece workers.

Q. And does that same statement apply to the expenditures you mentioned, in the way of sanitation?

A. Yes; not only in the mills, but in the dwellings of our employees. We do a great deal of work outside of the mills. The result is that the men have a better environment at home, and I think their houses are cleaner. We have people that go around to see to that. I think their food is better prepared; we have cooking schools, and all that sort of thing, to teach the foreigners, particularly, how to cook food properly.

Q. You regard all of that as of economic advantage outside of the philanthropic side?

A. We do not look upon it from a philanthropic standpoint, especially. It is an economic matter, largely. We are doing the very best we can to decrease the cost of our production, and also the price of our commodities to consumers, and to maintain a high rate of wages in the industry, and to become generally as efficient as we can.

Q. You made a short reference a few minutes ago to a pension system. Will you describe that, please? You have a memorandum there, I think.

Mr. Dickinson: My objection is broad enough to cover that; we except to it as irrelevant and incompetent.

The Witness: Beginning January 1, 1911, the United States Steel Corporation instituted a pension fund for all employees who may reach the age of 60 years, in the case of women, 50 years, who shall have been 20 years or more in the service of the United States Steel Corporation or of any of its subsidiary companies. The pension applies after 15 years of service, when an employee is totally incapacitated. Under this plan the United States Steel Corporation provides a fund

of $8,030,030, the income from which, together with the income from $4,000,000 created by Mr. Andrew Carnegie, is used for pension requirements. Any excess of these requirements over the income from these funds the Corporation supplies. The cost to the United States Steel Corporation to January 1, 1913, under this plan, has been $2,163,018, for contribution for principal of the permanent fund. In addition it has paid $238,780 to meet the difference between pension and benefit payments made in the two years and the income to the fund from interest on the principal. The total number of pensioners December 31, 1912 was 1,843; number of pensions granted in 1912, 333; average age at which pension was granted, 63.69 years. The average service of the pensioners, 29.14 years. The average pension granted, to all, $20.30 per month.

Q. As I understand it, that applies to employees either of the United States Steel Corporation as a corporate entity, or to any employees of the subsidiaries?

A. Of any of the companies that went into the United States Steel Corporation; it is retroactive.

Q. To one that is working directly or indirectly?

A. Yes; in any capacity.

Q. Where you took over other companies, after the organization of the Corporation, such as the Tennessee or the Union, or any of those, do they share on the same basis?

A. Yes; any employee in the service of any of the companies that went into the United States Steel Corporation participates in this pension system to the same extent that he would if he had commenced with the Corporation.

Q. Have you in addition to the pension system a voluntary accident relief plan?

A. Yes.

Q. Will you describe that?

A. It is a plan of relief similar to the workmen's compensation laws, which went into operation May 1, 1910, and this voluntary accident relief plan was instituted by the United States Steel Corporation before any workmen's compensation law was enacted in the United States. It is a purely voluntary provision made by the Corporation—

Q. Are you sure of that, that there had not been some workmen's compensation laws before that period?

A. Well, that is my knowledge. It may be possible that—

Q. I think you are mistaken; I am not sure.

A. Then I would like to withdraw it, because I do not know.

Q. That was your impression, was it?

A. My impression was that this voluntary accident relief plan was executed by the Corporation before any workmen's compensation laws were passed.

Q. Well, Mr. Bolling says I am wrong and you are right, Mr. Farrell, so go ahead.

A. I thought so. It is purely a voluntary provision made by the Corporation for the benefit of all employees injured, and the families of all employees who may lose their lives in the service of the subsidiary companies. All money is provided by the company, and with no contribution whatever from the employees. The relief is paid regularly, regardless of liability, and without any legal proceedings. Relief paid to and for injured men and families during 1910, 1911 and 1912, amounted to $5,304,321.16, which represents 80 per cent of the total casualty expenditures.

(Whereupon a recess was taken until two o'clock p. m.)

AFTER RECESS.

JAMES A. FARRELL,

the witness under examination at the taking of the recess, resumed the stand.

DIRECT EXAMINATION (Continued)

By Mr. Severance:

Q. Mr. Farrell, just before recess you gave a statement of the voluntary accident plan that is in force—the voluntary accident relief plan that is in force with the Corporation. How is that administered? By what sort of officials?

A. By committees consisting of the employees and superintendent of the plant.

Q. Do you regard the installation and maintenance of that voluntary accident relief plan as a means of securing efficiency on the part of the men?

A. Yes. It results in more efficient work on the part of the men. It keeps them in a better condition of health, and also has its effect on their home influences.

Q. You stated this morning that there are a large number of the employees of the Corporation who are stockholders.

A. Yes.

Q. They acquired their stock under some kind of a stock subscription plan?

A. Yes.

Q. Will you state what that is?

A. In 1903 the Corporation inaugurated a plan of offering the employees the privilege of subscribing for its stock at prices slightly below the current market value or price, on easy terms of payment, and under conditions whereby employees subscribing and retaining the stock were paid a special compensation for a period of five years. Under this plan employees during the eleven years from 1903 to 1913, inclusive, have subscribed for an aggregate of $30,596,400 par value of preferred stock, and $10,099,600 par value of common stock. During this same period the Corporation has actually paid to subscribing employees for the special compensation mentioned $5,728,604.61.

By Mr. Dickinson:

Q. Is that compensation for injuries, do you mean?

A. No, this is under the stock subscription plan; and has credited them to be paid over future dates, according to the terms of subscription, $490,232.98. Total charge incurred by the Corporation for this purpose, $6,218,837.59; that is under the stock subscription plan.

On December 31, 1912, 32,248 stockholders under this plan—

By Mr. Severance:

Q. You mean employees?

A. Employees; 32,248 employees were stockholders under this plan, who had acquired their stock under subscription during the preceding five years only. Their aggregate holdings from such five years subscription amounted to 125,848 shares of stock. In addition, employees held shares of stock acquired under this plan during the years 1903 to 1907, inclusive, but it is impossible to state how many there are of such employees, or how many shares they hold, as no record of the same is kept after the expiration of each five year period, but it is believed that their number would greatly increase the figures given.

Q. Mr. Farrell, what do you say as to the value of this stock subscription plan as a means of increasing the efficiency of your labor?

A. It encourages a spirit of thrift among the men and results in their having greater interest in their work and, generally speaking, increases their efficiency.

Q. Is this ownership of stock among employes pretty general as to the classes of men that hold it or otherwise?

A. It is applicable to all classes of employes.

Q. Does that include the mines as well as the shops?

A. Yes, mines and mills and ships and employes generally wherever found, foreign offices, no matter where the men are.

Q. What, if anything, has been done by the Corporation looking to the abolition of seven day work, that is, working seven days in the week?

A. The seven day week has been abolished entirely in the works—that is, continuous seven day labor has been abolished entirely in the works of the United States Steel Corporation.

MR. DICKINSON: Will you state when that was?

MR. SEVERANCE: I will bring that all out.

By MR. SEVERANCE:

Q. Previous to the organization of the corporation and for some time thereafter, what was the practice as to working seven days in the week; that is, in what departments of the steel industry did that obtain, and how generally did it obtain throughout the steel industry?

A. It was almost universal in the plants of the iron and steel manufacturers of the country; it obtained largely around the blast furnaces and Bessemer converting departments and open hearth departments.

Q. And had that obtained in those departments during all the time?

A. Yes; for thirty-five years at least.

Q. When was the first definite, specific direction given to abolish seven day work?

A. In 1907.

Q. In what way was that done; was it by resolution of some board?

A. Resolution on the part of the Finance Committee of the United States Steel Corporation.

MR. SEVERANCE: Judge, I have here a copy of that resolution, but I do not think there is any need of offering it. I could bring the book up. Perhaps that would do well enough.

By MR. SEVERANCE:

Q. What time was that in 1907?

A. In the spring, I think in April.

MR. SEVERANCE: Do you want me to bring that book up, or do you mind if he reads it.

MR. DICKINSON: Do you want to put in a copy?

MR. SEVERANCE: I am just going to let him read a copy.

MR. DICKINSON: That is all right, subject to the objection of its being irrelevant.

By MR. SEVERANCE:

Q. Will you just read that resolution, Mr. Farrell. That gives the date. You said in the spring.

A. April 23rd, 1907:

"Resolution adopted by the Finance Committee of the United States Steel Corporation and transmitted to the presidents of all subsidiary plants of the Corporation. On motion it was voted to recommend to all subsidiary companies that Sunday labor be reduced to the minimum; that all work excepting such repair work as cannot be done while operating be suspended on Sunday at all the steel works, rolling mills,

shops, quarries and docks; that there shall be no construction work, loading or unloading of materials; it is understood that it is not at present practicable to apply the recommendation to all departments, notably blast furnaces, but it is desirable that the spirit of the recommendation be observed to the fullest extent within reason."

Q. You say that was transmitted to the presidents of the various subsidiary corporations?

A. Yes.

Q. From that time on was there or was there not a diminution of the seven day week work among the employes of the Corporation?

A. There was a gradual lessening of that seven day operation.

Q. When was the next step taken to make that more peremptory?

A. In 1910.

Q. What form did that take?

A. In the form of a resolution.

Q. Was that a resolution or a telegram?

A. A telegram from Judge Gary, Chairman of the United States Steel Corporation, to the presidents of the subsidiary companies.

Q. Will you kindly read that telegram into the record?

MR. DICKINSON: The same objection, as irrelevant.

A. The telegram of Chairman E. H. Gary, dated March 18, 1910, to the presidents of all subsidiary companies:

"Mr. Corey, Mr. Dickson and I have lately given much serious thought to the subject matter of resolution passed by the Finance Committee April 23rd, 1907, concerning Sunday or seventh day labor. Mr. Corey has written you on the subject within a day or two. The object of this telegram is to say that all of us expect and insist that hereafter the spirit of the resolution will be observed and carried into effect. There should and must be no unnecessary deviation without first taking up the question with our Finance Committee and asking for a change of the views of the Committee, which probably will not under any circumstances be secured. I emphasize the fact that there should be at least 24 continuous hours

interval during each week in the production of ingots. (Signed) E. H. Gary, Chairman."

Q. What was the effect, if any, of those instructions so sent out?

A. They were largely observed and afterwards reinforced.

Q. I will come to that in a minute. Was another resolution adopted by the Finance Committee on this subject in April, 1912?

A. Yes.

MR. SEVERANCE: I suppose you have a specific objection to that. You have objected to everything after the date of the filing of the bill, and I call your attention to it so that you may object if you desire.

MR. DICKINSON: We object to it as incompetent and irrelevant, as referring to a date after the filing of the bill.

By MR. SEVERANCE:

Q. Was there a further resolution adopted by the Finance Committee, in April, 1912?

A. There was.

Q. Will you read that into the record?

A. (Reading):

"Resolved, That in accordance with the spirit of the resolution adopted by this committee on April 23, 1907, seven day labor should be eliminated in all mines, mills, shops, railways, docks and works of the Steel Corporation except under special circumstances, and then only upon the consent of this committee.

"Resolved, That the so-called long turn formerly followed in the change of shifts in the continuous process work should be eliminated or reduced in all cases where it now continues among employes of the subsidiary companies, except under such special circumstances, and then only upon the consent of the committee.

"Resolved, That conscientious efforts should be made by all to reduce to a minimum any unusual length in work hours that emergencies and unforseen conditions may sometimes demand.

"Resolved, That copies of these resolutions be sent to the

presidents of all the subsidiary companies with a recommendation that all operating officials be governed accordingly."

Q. This resolution that you have just read speaks of special circumstances, when the resolutions may not be followed in all cases, and the securing of consent. Since the passage of that resolution has any application been made by officials of the subsidiary companies for such consent?

MR. DICKINSON: Objected to as irrelevant and incompetent?

THE WITNESS: Several.

By MR. SEVERANCE:

Q. By whom were they made?

A. By the presidents of the subsidiaries to myself.

Q. That is in accordance with the ordinary practice?

A. Ordinary routine.

Q. What was the action taken upon such requests?

A. I in each case acquainted Judge Gary, our chairman, with the request, and it was decided in every instance that the request would not be allowed, and the presidents were so notified.

Q. In this resolution there is this statement:

"Resolved, That conscientious efforts should be made by all to reduce to a minimum any unusual length in work hours that emergencies and unforseen conditions may some times demand."

What is the nature of that, floods, or something of that kind?

A. Vicissitudes of various kinds, floods, the bursting of a fly wheel, which might require continuous work, interruption to mills through accidents to machinery, and the general interruption to operation that comes in a large manufacturing plant by the breaking down of machinery. Sometimes supplies are delayed, and the superintendent might want the men to work longer after they arrive. They are many and manifold.

Q. You are speaking of these various requests made to you for relief from that rule. Were any of those requests made at the instance of the men?

A. Always at the instance of the foreman or superintend-

ent, never at the instance of the president of the subsidiary company himself; but when such requests were made by their superintendents or foremen they felt impelled to submit them to us, and they were all taken up with the chief executive officer, Judge Gary.

Q. Have any of the laborers that work for you, employes, not foremen, but the men who do the manual labor, made requests that they be permitted to work seven days a week?

MR. DICKINSON: That is excepted to.

THE WITNESS: Large numbers of them, and that accounts for the requests emanating from the foremen and superintendents and passed along to us; that was the basis of the request.

Q. That is, it first came from the men to the foreman, or the superintendent, and from the foreman to the Corporation, the head of the Corporation, and then up to you?

A. Yes.

Q. Has the corporation, by reason of the refusal to allow men to work seven days in the week, lost any employes?

A. We estimate that in the year 1912 over 4,000 of our workmen left our employ to accept positions with our competitors who were not concerned with the observance of the seven day continuous work resolution. In some of our mills, I recall, at Mingo Junction, for instance, a large steel plant, we had a number of mechanics and millwrights who had been in our employ a long time, in fact were in the employ of the company that owned the property before we purchased it; these men left our employ because they could not work Sundays. A strange thing about a millwright or a mechanic is that he always wants to work on Sunday; I don't know why, it is a habit, I think.

Q. Was or was not the Steel Corporation the pioneer in inaugurating the abolition of the seven day labor in the mills among steel manufacturers?

A. Not only the pioneer, but the effort was continuous in our plants a long time before our competitors took it up, and then I think they only took it up because——

MR. DICKINSON: I object to that.

By MR. SEVERANCE:

Q. You do not know why they took it up; but it was a long time before they took it up?

A. Yes.

Q. Has that movement become more or less general now?

A. It was pretty general until the demand for iron and steel in the last year exceeded the supply. Then a great many of the other iron and steel manufacturers I do not think have observed it quite as much as they did when they had insufficient employment.

Q. Did this regulation that you now have in force, with reference to working seven days a week, mean that all of these men stopped work on Sunday, or that they have one day off in seven?

A. In a great many instances, to my personal knowledge, the men seek to obtain employment on the extra day.

Q. You did not understand my question.

MR. DICKINSON: Repeat the question.

(The question was repeated by the stenographer.)

THE WITNESS: I misunderstood your question.

By MR. SEVERANCE:

Q. Do you understand it now?

A. Yes. Sometimes men work on Sunday, but we made it compulsory that they should rest one day in the week. If a man worked on Sunday he was not allowed to come in on Monday. The result was that there are six days continuous employment, if he desires to work six days.

Q. Are there certain portions of the process of steel making that require continuous operation?

A. Yes.

Q. What are they?

A. Blast furnaces and Bessemer converters, and the open hearth furnaces.

Q. You cannot bank the furnaces, then; you have to keep them going?

A. Not without endangering the lives of the people residing in the vicinity. A furnace is likely to explode if interruptions go on, and they occasionally do.

Q. In arranging for these men to have their one day off in the week, are any efforts made to accommodate the men, as to which day that shall be?

A. Yes; that is done quite generally. That is generally arranged through the foreman in the department where these men work. A great many of these men are friends, and they like to have their days off together, for profit or pleasure. Sometimes they go and seek work elsewhere.

Q. Do you have a practice in the Corporation of having meetings of the sales managers of the various subsidiaries?

A. Yes.

Q. How often do they meet, when they do meet?

A. Once a month.

Q. Where?

A. In New York, in this building.

Q. Do you meet with them?

A. Yes, frequently.

Q. What advantage is there in having the sales managers brought together in these meetings, monthly?

A. These sales managers are the men who are in charge of the selling departments of the various subsidiary companies, and reporting to them are large numbers of men in charge of branch offices throughout the country, and traveling salesmen. They gather up the business atmosphere of the country, both with regard to the condition of business, the question of credit, and the general business in the communities. They discuss the general situation here, and by exchanging their reports of the conditions in the various places, we form an idea as to the trend of business and the currency of business.

Q. Do these sales managers discuss the question of prices at which the product shall be sold?

A. Yes.

Q. They represent diversified lines of production, do they not?

A. Yes; each and every one represents a different product.

MR. DICKINSON: Will you please put your questions a little more in accordance with legal forms?

MR. SEVERANCE: I am following your practice, which you set up when you were putting in your case. I forget occasionally.

MR. DICKINSON: I have reminded you of it constantly.

MR. SEVERANCE: I sat under your tutelage a good many months, you know.

By MR. SEVERANCE:

Q. What influence does the sale of one class of steel products have on another? That is what I desire to call your attention to.

A. Not any material influence.

Q. Are the different subsidiaries in the domestic market represented in different localities by the same or different men?

A. Different men; different officers and different men.

Q. How about your sales offices in the various parts of the country?

A. Location?

Q. No; I want to know whether—for instance, take New Orleans. I do not know whether you have an office there, but suppose you had?

A. We have.

Q. Would the same man, being the head of that office, represent different classes of production?

A. No; the National Tube Company would have their own man there, and the American Sheet & Tin Plate Company would have. Then there is a man there selling products of the Tennessee Coal & Iron Company.

Q. And those reports are all submitted, are they, as you have stated?

A. By these general managers of sales.

Q. Do you have any credit managers' meetings?

A. Yes.

Q. How often do they meet?

A. Monthly.

Q. Where do they meet?

A. In New York, in this building.

Q. What is the object of those meetings?

A. Pardon me.

Q. What is the object of those meetings?

A. They compare notes on the financial condition of customers; they are a clearing house of credits.

Q. You say they compare notes?

A. Yes.

Q. Do they bring any statistics with them, or how do they do it?

A. They bring in statistics as to the standing of the various customers and the condition of their accounts in their respective companies, and also reports from the trade credit agencies, and generally exchange information.

Q. As to the responsibility of customers?

A. As to the responsibility of customers.

Q. Do you have any meetings of auditors?

A. Yes, sir.

Q. Where are the auditors' meetings held?

A. They are held in different places, sometimes in Pittsburgh, sometimes in Chicago, sometimes in New York, and occasionally Cleveland.

Q. What is the advantage of having auditors' meetings?

A. The comptroller of the Corporation, Mr. Filbert, generally attends those meetings. The advantage is largely to systematize their methods of accounting, uniform methods of accounting, and that is a fertile field for systemization. They go into the question of accounting in the works and cost accounting and general forms of accounting.

Q. You say they go into cost accounting?

A. Yes, sir.

Q. Explain just what you mean by that?

A. In each of our plants that is identified with different and several industries we have a comparative cost system; that is the cost of one works compared with the cost of another, and the result is a healthy rivalry among the different superintendents and managers to produce their goods on as good a basis as their colleagues in some other company, and their methods of arriving at those costs, that is, the details as to the forms to be followed, are formulated by the auditors as a result of their experience.

Q. Well, without a uniform method of keeping those accounts would it be possible to make a satisfactory comparison?

A. No, it would not. It is a very important part of our business.

Q. You have just stated, Mr. Farrell, that these gentlemen get together, these auditors, and compare this data. Now, take the matter of the production of steel from pig iron, say, in what way are the costs figured, in details or in lump, or how is it done?

A. In detail.

Q. Are there many items or few?

A. A great many, a large number.

Q. And is the method of computing those details prescribed by the auditors?

A. Yes.

Q. And are they uniform?

A. Yes.

Q. And are those results then submitted to the parties in charge of the manufacturing?

A. Yes, sir.

Q. What is the advantage of that?

A. It enables them to see whether their practice is imperfect as compared to the competitive practice in some other branch of the company.

Q. Does that information that is so distributed apply to the entire process or to each item?

A. Each item manufactured by the Corporation.

Q. I mean each item of cost?

A. Each item of cost, yes.

Q. What is the fact as to whether it is an advantage in producing cheapness of operation to have a large number of plants in operation with these comparisons of cost?

A. It is one of the most important things in the business to have this comparative cost system, which enables the various persons concerned with the management to compare the cost in each item and in each branch of the industry.

Q. What do you say, Mr. Farrell, as to whether or not the result of having a large number of plants with such comparisons of cost tends to cheapening the cost of production?

A. There is no question about it.

Q. Are these cost statements prepared upon blanks, how is it done?

A. They are prepared on printed forms or blanks, and it results in a great deal of friendly rivalry and effort on the part of the men to be on the top all the time.

Q. What I want to know is whether the costs in the different plants appear in parallel columns on the blanks?

A. They do.

Q. So that at a glance you can make a comparison?

A. Yes, you can tell what the cost is, for example, at any blast furnace, or any group of open hearth furnaces.

Q. To whom are these comparative cost sheets sent?

A. To the presidents of the companies, who transmit them to the superintendents. They confer together and analyze these different items.

Q. What about accident records?

A. The same system is in vogue.

Q. Just explain it.

A. The same data.

Q. Please explain it.

A. An accident blank is in use, and it is filled out with various data concerning the accidents occurring, and it is sent around. Sometimes a great many of these accidents are preventable if the superintendents can see the cause or the reason for them.

Q. The machinery is more or less alike in different mills, is it, so that similar accidents might occur?

A. Yes, that is largely the case.

Q. Can you say whether or not the accidents have been lessened by this method of comparing data?

A. Yes, we estimate that the accidents have been lessened about 40 per cent in the last five or six years.

Q. What about data as to sanitary conditions?

A. The same thing exists. We have a committee on sanitation.

Q. And are reports of that kind made and put out in parallel columns in some way?

A. Yes, and exchanged.

Q. Exchanged?

A. Yes.

Q. Then in effect the Corporation is a clearing house for all of them.

A. All of them.

Q. Does that apply to all branches of the business where the operations are similar?

A. To all branches of the business, without exception.

Q. Mr. Farrell, did you attend some of the so-called Gary dinners?

A. Yes, a few.

Q. You say a few?

A. Yes, a few. Not the first one. I was out of the country at the time.

Q. Where were you when the first one was held?

A. On my way to Europe.

Q. There were not very many of them, were there?

A. No, a few; perhaps four or five, as I recall. There may have been six. I am not sure as to the exact number.

Q. In the Government Exhibits, Volume IV, page 1394, which is a portion of the record of a dinner given at the Waldorf Astoria Hotel on January 11th, 1911, being Government Exhibit No. 140, you are reported as having made some remarks; among others. I would like you to look at that record, run it through, and see if that comports with your recollection of what you said, if you were at the dinner.

MR. COLTON: Will you give us the page he said that?

MR. SEVERANCE: It begins at page1384, and what Mr. Farrel is reported to have said is on page 1394.

THE WITNESS: Do you say January, 1911?

By MR. SEVERANCE:

Q. Yes.

A. This is October, 1912.

Q. That is the date it was introduced in evidence.

A. Oh, yes, I understand.

Q. Do you recall that meeting?

A. Yes, sir.

MR. DICKINSON: You asked him another question which he has not answered.

MR. SEVERANCE: What is the question?

(The stenographer thereupon repeated the question, as follows:)

"Q. In the Government Exhibit, Volume IV, page 1394, which is a portion of the record of a dinner given at the Waldorf-Astoria Hotel on January 11th, 1911, being Government Exhibit No. 140, you are reported as having made some remarks among others. I would like you to look at that record, run it through, and see if that comports with your recollection of what you said, if you were at the dinner."

A. Yes.

By Mr. Severance:

Q. Does it?

A. Yes.

Q. That is what you have read, appearing on pages 1394 and 1395?

A. Yes.

Q. As statements having been made by you?

A. Yes.

Q. How long after your election as president of the United States Steel Corporation was this dinner?

A. One day, January 10th.

Q. I will read you this statement from what you say were your remarks shown in this Government Exhibit.

"I understand the policy of the Corporation to be to cooperate with its competitors in the effort to maintain fair prices and the stability of business conditions, by every means permissible under the laws of the country and not antagonistic to the public conscience."

Was that statement a statement of fact as you understood it at the time?

A. Yes, sir.

Q. Was that your own view?

A. My own, yes sir.

Q. Mr. Farrell, what did you mean by your remark that you understood the policy of the corporation to be to cooperate with its competitors in the effort to maintain fair prices and the stability of business conditions?

MR. DICKINSON: I object to your asking what he meant.

By MR. SEVERANCE:

Q. Answer the question, please.

A. What I said in my speech.

Q. Mr. Farrell, I do not know as you understood my question. I will ask you this: Was there ever, so far as you know, or so far as you had in mind at that time, any agreement, express or implied, between the Corporation and its competitors to maintain any specific prices on specific products?

A. No, sir.

MR. DICKINSON: Do you ask if there was an agreement at that time, existing at that time?

MR. SEVERANCE: I ask him any agreement, express or implied.

MR. DICKINSON: Existing at that time. I just want to know what the question is, so I will understand the answer.

By MR. SEVERANCE:

Q. You understood the question, did you not?

A. Yes, I did.

Q. Will you answer it?

A. I answered it, no.

MR. DICKINSON: May I ask a question. Do you mean to to say that there never had been previous to that time or there was not existing at that time—I simply want to know your answer.

MR. SEVERANCE: The question was intended to cover whether during the period of these Gary dinners——

MR. DICKINSON: You did not say that, or anything like that.

MR. SEVERANCE: Perhaps I was not clear.

MR. DICKINSON: I do not want to misunderstand the witness. I want to know whether he was speaking of that time or whether he ever did know of any such thing.

By MR. SEVERANCE:

Q. The Gary dinners, according to the testimony, began in

the fall of 1907, when you say you were abroad or on your way abroad?

A. Yes.

Q. And they continued off and on for several years; there has been a good deal of testimony about them in the record here up to 1911. Now I ask you whether during all that period you knew of any agreement, express or implied, between the Steel Corporation and its competitors to maintain any specific prices on specific products.

A. Whether I knew of any?

Q. Yes.

A. No, sir.

Q. I will ask you further what you had in mind when you spoke of maintaing fair prices, and the stability of business conditions.

A. I had in mind the necessity of keeping our head at a time when a chaotic condition existed in the country, and where our customers were loaded up with millions of dollars of goods which might perhaps, in the case of a radical change in values, become involved, large numbers of them, in bankruptcy.

Q. During the time that these Gary dinners were being held, from 1907 down to 1911, during that period, what is the fact, Mr. Farrell, as to whether you knew from your knowledge of business conditions in the country, whether prices were fixed and permanent on different commodities, or were they fluctuating?

A. Fluctuating.

Q. And were the prices made by different manufacturers identical, or were they fluctuating and different?

A. Fluctuating; not widely, but they were fluctuating.

Q. Mr. Farrell, in your previous testimony the other day, there were two or three things with reference to the foreign business of the Corporation that I had on my notes, and I neglected to ask you. When the Steel Products Company was first organized and took definite charge of the foreign business of the Corporation did you find in these various foreign fields any merchants already established and doing business?

A. In all of the markets; practically preempted by foreign manufacturers and foreign merchants; that is, principally

Continental concerns, English concerns, as well as having branch offices and warehouses in all of the consuming markets of the world. It was a very difficult thing to enter those markets.

Q. How long had those European manufacturers been established in the markets of South America and Asia and Africa and the Orient, that you have mentioned?

A. A great many years. Some of them over fifty years; some very old concerns.

Q. Was there or was there not, on the part of any of the communities, any prejudice against newcomers in the trade?

A. Not only a prejudice, but hostility in most cases.

Q. In order to get a foothold in these markets, what was it necessary for you to do in the way of prices?

A. We usually had to sell below the prices of the concerns that were established there, and who had their customers and native salesmen, and all the advantages that go with a long occupation of a business in any foreign country.

Q. In doing business in these countries, like South America and other places, do people attach to themselves customers that buy of them regularly; is that the custom or not?

A. More the custom in foreign countries than it is here.

Q. Suppose a foreign market is used only for dumping purposes, as you have testified it was formerly used by the American manufacturers, what position would that leave a manufacturer in who had entered that market during a time of depression at home, for dumping purposes, and then withdrawn from the same and attempted later to get back?

MR. DICKINSON: He has already testified to that, I think.

MR. SEVERANCE: No, he has not.

MR. DICKINSON: He said that the business would have to be continued in order to hold the business; he stated that two days ago.

MR. SEVERANCE: He did not cover that.

THE WITNESS: It would leave the manfacturer in a very unenviable and undesirable position.

By MR. SEVERANCE:

Q. You say it would leave him in an unenviable position;

what would be his position when he attempted to return to the business, as compared with what it was when he first went in it? Would he have to start over again, or what would be the fact?

A. In the language of the business, he would have to buy his way back, by making very low prices, and it would simply be a recrudescence of what he had been going through before, selling at low prices. You can not do foreign business without continuous every day supplying of the trade.

Q. You have already stated that the Corporation maintains large warehouses in different parts of the world.

A. Yes.

Q. Filled with goods of different varieties?

A. Yes.

Q. In view of the distance these warehouses are from home, and the fluctuations from time to time in markets, will you state whether or not that is a hazardous business or otherwise?

A. Hazardous, by reason of the fluctuations in the price. It sometimes takes four or five months for us to get our material to what we call the domicile; that is, the warehouse in the country where we are doing business. The European market on any product might drop within two or three weeks after a vessel sailed, and when those goods arrived there, they would be worth less money. It occasionally happens that the reverse takes place, and they are worth more money, but it is a hazardous business.

(By request, the stenographer repeated the two preceding questions.)

By Mr. Dickinson:

Q. You mean that maintaining warehouses is a hazardous business?

A. No, to maintain the stocks that are in the warehouses.

Q. That is a hazardous business?

A. Yes.

By Mr. Severance:

Q. Is that business rendered more or less hazardous by having a large variety of articles for sale in these warehouses?

A. Less.

Q. What is the reason of that?

A. Because the price of one commodity might decline and the price of another one might be working up, and the average business is more or less a stationary factor, and the average price of all these commodities is apt to be remunerative.

Q. Can a manufacturer having a large line of products for sale afford to maintain such warehouses and conduct that business, when a person manufacturing only one line of goods could not afford to do it?

A. It was tried by the National Tube Company before the formation of the Steel Corporation. They established a large warehouse at Johannesburg, South Africa, and were obliged to abandon it for two reasons, one because of fluctuations in the prices of material, and the other because of the cost of doing business. It cost them over eight per cent to do the business, because they had one line of goods to sell only.

Q. Is it usual, when there are periods of depression in one country, we will say, in the world, that that depression should be world-wide, or are there often times when there is depression only in one quarter of the world, and business is good in other quarters?

A. It seldom happens that there is a world-wide depression. The advantage of the foreign market is that our business might be good in Australia; there might be good crops in Australia, and the wheat crop in Argentina might fail, and we would probably do little business there. Business might be good in South Africa and very bad in the Balkan States, and so it goes throughout the whole of the kaleidoscope of the world and its markets.

Q. Has it sometimes happened that business was very much depressed in this country, while good in other countries?

A. It has happened frequently. It happened in 1910 and 1911, and in 1903 also, and I know in 1897.

Q. In addition to that fact, what advantage is there, if any, in maintaining a continuous business all over the world?

A. The advantage of the continuous operation of plants, advantage to the workmen in having employment, and the

advantage from the standpoint of earning dividends for stockholders.

Q. Then you believe thoroughly in a world-wide business, where the Corporation is big enough to do it?

A. Thoroughly.

MR. SEVERANCE: That is all, Mr. Farrell.

MR. DICKINSON: Then we will adjourn now.

(Whereupon an adjournment was taken to Monday, May 19, 1913, at 10:30 o'clock a. m.)

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 19[redacted] 1919

No. [redacted] 16[redacted]6

THE UNITED STATES OF AMERICA, APPELLANT,

vs.

UNITED STATES STEEL CORPORATION ET AL.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF NEW JERSEY.

VOLUME 11.

DEFENDANTS' TESTIMONY.

FILED MAY 12, 1916.

(25292)

VOLUME XI.

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FIFTY-EIGHTH DAY

EMPIRE BUILDING,
71 BROADWAY, NEW YORK CITY.

MONDAY, MAY 19, 1913.

Before SPECIAL EXAMINER HENRY P. BROWN.

Present on behalf of the United States, MR. DICKINSON and MR. COLTON.

Present on behalf of the Defendants, MR. LINDABURY, MR. SEVERANCE and MR. BOLLING.

MR. LINDABURY: By consent of counsel for the Government, Mr. Farrell is withdrawn in order to permit the examination of Mr. Schwab, who is about to go abroad.

CHARLES M. SCHWAB

was called as a witness on behalf of the Defendants, and being first duly sworn, testified as follows:

DIRECT EXAMINATION.

By MR. LINDABURY:

Q. Mr. Schwab, what has been and is now your connection with the steel industry in this country?

A. My first connection with the Steel industry was in 1880, in a minor capacity, at the Edgar Thomson Steel Works of the Carnegie Steel Company, in the engineer corps for a matter of a few years, ultimately became chief engineer of the company and later on was appointed as engineer and general superintendent to the building of the Homestead Steel Works, after which I remained as manager for three years. Then I became manager of the Edgar Thomson Steel Works, upon the death of Captain William R. Jones, who was the chief man in the Carnegie Company, where I continued for several years longer. Again I took the Homestead Works, as general manager in conjunction with the Braddock Works, and finally as

president of the Carnegie Steel Company for several years; and after that president of the United States Steel Corporation until 1903 or 1904, I am not sure which; at which time I retired for a year or so, on account of bad health, and then bought the Bethlehem Steel Company with which interest I have been identified since as chief owner and president of the Bethlehem corporation at this time.

Q. What is the business of the Bethlehem Corporation?

A. Today we are in the general line of steel manufacture.

Q. I only meant to ask you generally.

A. Yes; in the general line of steel manufacture.

Q. And your plant is located where?

A. At Bethlehem, Pennsylvania.

Q. I understand that you were president of the Carnegie Company up to the time that it was purchased by the United States Steel Corporation?

A. I was.

Q. And then immediately became president of the United States Steel Corporation?

A. I did.

Q. What was the first attempt or effort made by the Carnegie partners or any of them to sell the Carnegie properties?

A. My first recollection was an attempt which was made by Mr. Frick, who was then, I think, the Chairman of the company, to sell this property, as I understood it, although I had no connection with the transaction other than through Mr. Frick, to the Standard Oil interests, represented by Mr. Henry Rogers.

Q. What year was that?

A. I think that was about 1897.

Q. At that time was the Carnegie Company incorporated or was it a co-partnership?

A. It was a co-partnership.

Q. When was it first incorporated?

A. I cannot give you the exact date from memory, but it was immediately after the expiration of the Moore option, the so-called second option, the second attempt to sell.

Q. For about what length of time was it an incorporated company before the Steel Corporation bought it?

A. About two years, I think.

Q. Something like that?

A. Yes.

Q. Do you know whether or not when Mr. Frick made this attempt to sell to the Standard Oil interests, he had the assent of his copartners?

A. He had.

Q. And that, of course, failed?

A. That failed.

Q. And when was the next attempt, if there was a second attempt, made to sell?

A. The second attempt to sell was an option that Mr. Frick secured from Mr. Carnegie and the other partners, and was given to Judge Moore, I think about a year later.

Q. It is stated in the petition in this case that that option was for $160,000,000, and covered all interests. Do you know what the fact is about that?

A. My recollection is that the option was given for $320,000,000. That is the figure that I have in my mind. My best recollection is that the option was for $320,000,000.

Q. Do you know whether Mr. Carnegie gave a separate option covering his interest?

A. I have no knowledge of that.

Q. Do you know whether or not all the partners, in some way or other, assented to the option or joined verbally or otherwise in it?

A. They did.

Q. Did you yourself?

A. I did.

Q. Do you remember what of them, besides Mr. Carnegie, gave written options?

A. I do not know. I do not recall whether there were any written options or verbal options given at that time by any one.

Q. But you do know that all were in accord with the scheme of selling out?

A. I do.

Q. That also failed, I take it?

A. That failed.

Q. Do you remember a dinner being given to you some

time after that in New York by Edward Simmons and another gentleman?

A. I do.

Q. Who was the other gentleman?

A. Mr. Charles Stuart Smith.

Q. What were their relations to Mr. Carnegie?

A. I have no knowledge, other than that I knew they were personal friends of Mr. Carnegie, rather than business friends.

Q. Mr. Carnegie was then living in New York.

A. In New York, yes.

Q. And those gentlemen, of course, were New Yorkers, as we all know?

A. They were.

Q. And when was the dinner given, and where?

A. I can not give you the date from memory. The dinner was given at the University Club in New York; about 1899, I think.

Q. Toward the end of that year?

A. I think so; in the fall.

Q. Be the date as it may, a dinner was given to you and you attended?

A. I did.

Q. Were there many other gentlemen there?

A. There were about eighty gentlemen present at the dinner, representative of most of the New York financial and business interests.

Q. Were you called upon on that occasion to make a speech?

A. I was.

Q. And did you do it?

A. I did.

Q. Was Mr. Morgan there?

A. He was.

Q. By Mr. Morgan, I mean J. Pierpont Morgan.

A. Yes.

Q. Where was he placed with reference to you?

A. He sat next to me.

Q. What did you talk about on that occasion?

A. I talked about the advantages that might be derived from doing a manufacturing business on a larger scale than

had then been attempted, and that we had undertaken in the manufacturing lines up to that time, all our endeavors up to that time had been to perfect methods of manufacture. By that I mean metallurgical and economical methods. By economies I mean that I believed that we had then reached the limit, or very nearly so, at which economies from a metallurgical or mechanical standpoint could be made effective, and I believed that the next great step in economical manufacture was to so regulate the business and plants of the business in manufacturing on a larger scale than had ever been attempted heretofore; that instead, as was then the practice, of having one mill to make ten or twenty or fifty products, the greatest economy would result from having one mill make one product and make that product continuously. The history of manufacture has shown that any line that specializes in any direction obtains the best economical results, and I believed that the various lines of steel should be so specialized; that it was not possible for any one company then to do that at once, but I also believed that great economies would result from locating mills at the point of consumption, by which the cost of transporting the finished material to the point of consumption would in many cases be reduced or saved. I also pointed out that I believed that great economic results would follow from our being able to manage these concerns in a manner that would stimulate the most effective effort in the management of the different concerns. As illustrating that point—if I may digress a little, I should like to point out——

MR. DICKINSON: Are you stating what you said?

THE WITNESS: No; do you want me to tell what I said?

MR. DICKINSON: Yes.

THE WITNESS: Very good; I will continue.

By MR. LINDABURY:

Q. I will come to that later on. Just now your speech.

A. Yes; I went on to say that one of the most effective things would be our ability, as I said before, to stimulate the various managements. Secondly, or thirdly, I felt that the great export business of this country in iron and steel could only be done in that way. I felt, furthermore, that great

economies would result in all these general items of expense which are met in the manufacture of iron and steel, on account of selling, traveling, office expenses, and all the general items that each individual concern with an individual line had to cover with a full organization. That could be covered by one such organization, and I felt that much economy would result in that direction, and indeed the whole line of my talk that evening was intended to show that the next great economic step to be made in the manufacture of steel, or indeed any business in general—I did not confine myself entirely to the steel business—directly to the steel business, but in general, that the great economic result to be next obtained in manufacture was by the adoption of these methods, and then I made that application generally to the steel industry.

Q. In what way?

A. Well, I pointed out for example the attempt that had been made to manufacture steel cars, that a few companies throughout the United States who were engaged in the manufacture of bridges and other fabricated materials were attempting to manufacture steel cars; that that could never be successful; that the only way it could be successful was for some one works to devote itself exclusively to the manufacture of steel cars, and one kind of steel cars; that if different kinds of steel cars had to be made, like passenger cars, for example, as being different from freight cars, two separate works, as following out this general line of policy, would have to be built and so operated. I then pointed out for example structural steels. In those days a structural mill would probably make six different sizes of beams and channels and angles; by my plan a mill would be built that would roll on angles exclusively, and a mill would then be built that would roll on beams exclusively, and that the finished material, and so forth, of these mills, being adapted for that special thing, would be better and cheaper.

Those were illustrations that I used that evening. I do not recall at this moment any others.

Q. Did you discuss the advisability, if not necessity, under your theory, of a concern owning these different plants and manufacturing all lines of steel, either in connection with foreign trade or otherwise?

A. I did not mention it at that dinner. It was not discussed there.

Q. Did you have any conversation on the subject with Mr. Morgan after dinner?

A. I did, immediately after.

Q. How came that about?

A. Well, Mr. Morgan listened with interest, and then asked me to sit down and talk with him a few minutes. The dinner was short, and we sat in a corner and talked for some time at more length and with more amplification upon this subject.

Q. Did Mr. Morgan ask you questions about it?

A. A great many.

Q. Did you hear from Mr. Morgan on the subject directly or indirectly later?

A. I did shortly after; I had a telephone call from Mr. Gates, John W. Gates, who asked me if I would meet Mr. Morgan and discuss the subject further. I did meet Mr. Morgan.

Q. Where?

A. In New York City, at his residence.

Q. Where were you living then?

A. Pittsburgh.

Q. And you came over for such an interview?

A. I did.

Q. Do you remember the day of the week?

A. It was either Saturday or Sunday, I am not sure which.

Q. Who was present?

A. Well, there were Mr. Morgan, Mr. Gates and Mr. Robert Bacon and myself. I do not remember any others.

Q. How long was the interview?

A. It was quite some hours. My recollection is that it was from early evening, eight or nine o'clock or eight o'clock in the evening to two or three in the morning.

Q. What transpired at that interview?

A. This whole subject was then gone into with much more detail, and the theories which I then advocated were amplified with reference to their application to the steel industry; and I pointed out at that interview to Mr. Morgan in great detail the economies and advantages that would result under those theories from their application to the steel industry.

Q. Was there any suggestion then or discussion with regard to the advisability of a large corporation with facilities for manufacturing on all lines?

A. There was; that was the chief discussion of the evening.

Q. Can you go into that a little fuller?

A. Yes. I pointed out to Mr. Morgan—

MR. DICKINSON: One moment; I object to what passed between him and Mr. Morgan and Mr. Bacon on that occasion as incompetent and irrelevant.

MR. LINDABURY: You may proceed.

THE WITNESS: I told Mr. Morgan that if the steel industry of this country were to start anew, that if there were no steel plants here, what I should advocate and build was such a plant as I have described heretofore; but that in view of the fact that the most of these things did exist, perhaps not in an ideal way or ideal location, that a new plant would be made possible, and that in view of the fact that they did exist and that they could be made ultimately to conform to this theory, I believed that the then existing steel plants which I pointed out to him could be formed into one company which would ultimately accomplish all the results which I had outlined.

That was discussed at some length. The companies were mentioned that I thought would accomplish these results. They did not, by any means, embrace all the companies in the United States, but those which I thought would effectively make such an organization as was outlined.

Q. Were they such as to cover all the branches of the industry?

A. They were.

Q. And what was your discussion with him with regard to the foreign situation?

MR. DICKINSON: It is understood that my exception continues, without my repeating it?

MR. LINDABURY: Yes; to conversations with Mr. Morgan.

MR. DICKINSON: Yes, as incompetent and irrelevant.

THE WITNESS: With reference to the foreign situation, I pointed out to him that up to that time our business, the steel business in general, had been nominal with reference to ex-

port business; and that, in my opinion, it could only be made profitable and possible by such an organization; that no company selling an individual line, a single line, or one or two lines, could hope to successfully compete for foreign business, where they were not prepared to furnish the customer every line that he might require for a structure or a business; and that half a dozen or a dozen individual companies could not afford the expense or the organization or secure the talent necessary to make a successful export business, while such a company as I outlined could.

Q. As a matter of fact, had any of the companies that you named, or with which you were acquainted engaged in foreign business or export business?

A. We had made spasmodic attempts at it. In dull times, when business could not be secured at home, we would make attempts at foreign business, by going in and making an unusual price; which was the only way that any foreign business could be secured then, inasmuch as we had not an established business, or business connection, and therefore customers were not inclined to buy from a firm who could only furnish them occasionally.

What was necessary for a foreign business was a firm that was always in the market and that would always be prepared to furnish the steel, and that had an organization that could be depended upon; and by such method that we would not have to make the sacrifice in price that we did have to make when we made a spasmodic effort to sell.

Q. Did you mention the facilities that such a corporation as you described would need to possess?

A. I did; and I may say that I enlarged, and perhaps made a more strenuous talk to Mr. Morgan upon the subject of export and our ability to export, and foreign business in foreign markets, than any other, excepting only the economic advantages to be derived.

Q. And among the economic advantages, did you discuss the question of owning the raw materials, back to the ore?

A. If I may take these conversations in detail?

Q. Yes; suppose you do.

A. With reference to the ore, I pointed out to Mr. Morgan

how advantageous it would be, for example, for one mine to mine all it could, regardless of what furnaces or product it was to go to, and have that ore then distributed by an expert between these 100 furnaces that would then operate; instead of five or six, by which the mine could run continuously, and run at a given amount and under the most economical conditions, regardless of how the ore was to be distributed; because when a firm owned five or six furnaces, it was a question of how much of each kind of ore from each mine they could use, but when a firm owned 100 furnaces, the question of distributing the ore from each individual mine to that furnace became a simple and effective one; and that that would be of great advantage, from a mining point of view. The fact that one mine contained ore of a high percentage of phosphorus might make it possible in an individual concern to only run it half the year; while if the product from that mine was to be distributed to 100 furnaces, the additional amount of high phosphorus would be so little as to be no disadvantage, and therefore that mine could run continuously.

With reference to the handling of the ore from the mines to the docks, in the days of individual ownership it was exceedingly difficult at the docks and on the railroads to keep the ores for the different firms and from the different mines separated and shipped as they desired to handle it upon their boats; whereas, with this large ownership of works, it was possible to ship the ore to the various docks as fast as it came down, without any of the expense from delay. The ships, instead of waiting at the docks until their special load of ore could come around and take the ore, they would come into port and depart ten hours later, instead of three or four days later; because the ore was always there ready to load on the ships. There is nothing in shipping that costs more than delay in discharge and loading; and therefore that very great economy was accomplished at once. I think the records of the ships will show today that a very small fraction of the time was consumed in handling the materials at terminals, as compared with what it was in times of individual ownership. So I went through, from ore mines, railroads and shipping, to the handling of material, right down to the fin-

ished material, which was the same thing as I have described before, with reference to individual efforts.

Q. Did you or not speak of the advantages of a company owning its ore and its furnaces and its rolling mills and finishing mills?

A. Up to 1892 there was a very wide belief——

MR. DICKINSON: I do no think you are answering the question, Mr. Schwab.

THE WITNESS: I am going to. I told him—I will put it that way—that up to 1892 there was a very strong feeling that manufacturing companies should not own ore; but that had then changed. The Carnegie Company was gradually acquiring ore wherever it could, and to my mind the successful manufacture was only possible where every single step in the line of manufacture was carried out by some one concern; and that for the greatest economy, for the greatest development of the business; it was an absolute necessity.

Q. Was anything said at that interview with respect to the willingness of the Carnegie stockholders to sell the Carnegie properties?

A. I told Mr. Morgan that at that time I had not talked to Mr. Carnegie about it, but in view of his previous willingness to sell, that I believed I could secure his consent so to do.

Q. What did Mr. Morgan say to all these matters, or to any of them?

A. Mr. Morgan was very much interested, and said to me that if I could secure a price from Mr. Carnegie, that he would undertake the formation of such a company; that he would undertake the business; that is the way he said it.

Q. When did you see Mr. Morgan again?

A. According to my recollection, it was two or three days thereafter.

Q. Did you take him a price from Mr. Carnegie?

A. I did.

Q. In what form?

A. My recollection is that Mr. Carnegie refused, at that time, to give me again a written option; but that we did talk it over in great detail, and during such conversation we had

a pencil memorandum—not a memorandum, but really figures that were written down on paper during our conversation. I do not suppose it was intended that I should use that paper or present it, but it was done, and that, to the best of my knowledge, is what I had when I next called on Mr. Morgan about it.

Q. In whose handwriting were those figures?

A. I think in his handwriting and mine.

MR. DICKINSON: In whose handwriting?

THE WITNESS: In Mr. Carnegie's handwriting.

By MR. LINDABURY:

Q. Where did you see Mr. Morgan?

A. At his office.

Q. And you gave him the figures?

A. I gave him these figures.

Q. You knew of Mr. Morgan's connection with the Federal Steel Company, I suppose, at the time?

A. Oh, yes; I did.

Q. He was a director, was he not?

A. Yes; I think so.

Q. And do you remember what those figures were?

A. That I gave to Mr. Morgan?

Q. Yes.

A. The figures were as to the price that the Carnegie Steel Company was to receive for their property, and it was to be based on the bonds being retired for bonds of the new company, which was to be a first mortgage, or at least a collateral first mortgage upon all the other concerns.

Q. Perhaps we may shorten this if you will tell us whether or not the terms then offered on that memorandum were the ones that were afterwards accepted and carried out?

A. They were.

Q. And you gave those to Mr. Morgan at his office?

A. I did.

Q. Did you have any further talk with him at that time that you can recall?

A. We had quite some talk upon the general subjects outlined before, and I was consulted with reference to the other

concerns. I had nothing to do with the negotiations for the other concerns.

Q. Who consulted you? Mr. Morgan?

A. Yes; Mr. Morgan and Mr. Bacon.

Q. Asking questions about what?

A. A great many questions relative to the other concerns, the various concerns.

Q. As to their character and business?

A. As to their character and business, and what changes would be made and how they would be operated, and so forth.

Q. Was there in any of that conversation any question of obtaining all the steel plants or acquiring a monopoly or anything of that kind?

Mr. Dickinson: That is objected to as irrelevant and incompetent.

The Witness: There was considerable discussion about the acquisition of other plants. I advised Mr. Morgan against it, because the other plants added nothing to the efficiency of the one I proposed. For example, plants like Jones & Laughlin, the Pennsylvania Steel Company, the Cambria, were discussed, but I said "no; they are in practically the same lines as the Carnegie Company, and they add no efficiency to this organization."

Q. At this time did the Federal have finishing mills?

A. They did.

Q. A sufficient number of them?

A. They had a sufficient number in their own lines.

Q. What were they lacking?

A. The Federal did not make tubes; they did not make sheets; they did not make plates to any extent, and among the things needed there were few that the Carnegie Company made other than rails that the Federal Company made; and as to the Tube Company the Carnegie at that time did not make tubes, nor did they make wire, which the wire company made. Indeed, the addition of these plants, the general whole, was the addition of the lines that the Carnegie or the Federal did not have.

Q. Did either the Carnegie or the Federal have a complete line of finishing mills?

A. No steel company had.

Q. None of them had?

A. None of them had; not nearly a complete line.

Q. Which companies were there that you talked about as being capable of making up a complete line?

A. There was the Carnegie and the Federal and the National; and then there was the Wire, the Tube, the Bridge and the Sheet and the Hoop Company, all of whom made their individual lines; and the Tin Plate Company also; I overlooked them.

Q. As to the business of these companies, where was the business of the Federal principally done?

A. Mostly in the middle west.

Q. And the Carnegie?

A. When I say the middle west, I mean Chicago and west. The Carnegie, from Chicago east.

Q. And you say that those two companies made few articles except rails of the same character?

A. Rails——

MR. DICKINSON: Did he say that?

MR. LINDABURY: Strike that out, if there is any doubt about it. I understood that he did. I will ask it anew.

By MR. LINDABURY:

Q. What articles did they make in common?

A. They made rails. They made blooms and billets. You asked what they made in common. They made blooms and billets that were supplied to other finishing companies, which they did not finish themselves. Then the Carnegie Company made a few, a very small percentage of merchant bars, and so did the Federal Steel Company.

Q. In what territories respectively did they sell their products chiefly?

A. As I said, the Federal sold mostly in a circle of which Chicago would be the center. The Carnegie sold theirs in a circle of which Pittsburgh would be the center.

Q. What was the difficulty in trading over an extensive territory?

A. If the Carnegie shipped west of Chicago, of course they made a very great sacrifice in freights; and if the Federal

shipped east of Pittsburgh, of course they made a very great sacrifice in freights.

Q. And in the matter of selling rails, were there any other circumstances that affected the market?

A. Rails is a commodity that seems to be distinct from any other steel commodity, in as much as rails will always be bought by the railroads contiguous to the plants that manufacture them, and almost regardless of the price. In other words, I may illustrate that point by saying that to me it would be a most unbusinesslike thing if the Lehigh Valley or the Reading Road contiguous to my plant at Bethlehem should buy their rails from any other concern that they do not serve. In other words, the freight that I give these railroads, by reciprocal business would make it necessary for them in any business decency at all to give me their rails, being a plant on their lines; therefore rails, as a rule, regardless of price, have been made by the various rail mills in almost uniform percentages, because the tonnage of rails is fixed by the requirement of the roads contiguous to the mills which manufacture the rails. Is that the question you wanted answered?

Q. In that respect, therefore, the rail business is peculiar?

A. Yes.

Q. Different from others?

A. Yes, exactly so. May I give another illustration? At one of my works at Bethlehem I built a little mill to make not over 200,000 tons a year, which is not the most economical tonnage to make, but which I felt was the only amount that would be required by the roads that are contiguous to the Bethlehem. There are larger rail mills, like the one at the Lackawanna and the Pennsylvania Steel Company, and at Harrisburg and Sparrows Point, all too near the center, so that no matter what I did I could not sell more than that amount of rails; therefore I built a mill with that tonnage in view; while the mill at Gary was built to make a couple of thousand tons a day, but of course the roads contiguous to Chicago and the Gary works are much larger.

Q. What rail mills were there in the West when the Gary plant was built?

A. There was South Chicago, the Illinois Steel Company, and the Colorado Fuel & Iron.

Q. Where was that?

A. At Pueblo; and the Lackawanna at Buffalo, and Edgar Thomson at Pittsburgh.

Q. You would hardly call Buffalo west, would you?

A. We speak of it as the west in this part of the east. It is west of Bethlehem.

Q. When were you elected President of the United States Steel Corporation?

A. On its formation; the date you have there.

Q. You were the first president?

A. I was the first president.

Q. And continued president, as you have stated, until the fall of 1903?

A. Until the fall of 1903.

Q. What were your duties while president?

A. Well, my especial duty was the operation of the plants, but I had general charge of all the business concerns.

Q. Both manufacturing and selling?

A. I had, yes.

Q. Did you also serve on one of the committees?

A. I served *ex officio* on both committees, finance and executive.

Q. State to what extent the economies that you referred to in your speech and in your conversations with Mr. Morgan were effected while you were president, and how and to what extent the policies outlined by you before the formation of the Steel Corporation were afterwards employed, and in particular the means taken to cheapen production and extend foreign trade? That is a large question, but you can carry it in mind?

A. May I divide it up?

Q. Yes, you may.

A. With reference to the economies effected I desire to say that we immediately started out by calling together the officials of the various companies to discuss ways and means of carrying out these economies that I had previously discussed, all of which were almost immediately put into operative force. It would be difficult for me to give you definite figures as to the result of these economies, because it would mean a long compilation that I have not at my hand, except to say that I know that in every case, so far as I know, the

economies immediately obtained were greater than those which I had previously estimated. I recall one instance that is definite and which I have cited many times in talking to manufacturing people throughout the United States, and that was the question of our ability to make great economies in being able to show costs and records of individual works, to the management of other works. One of the officials that I appointed in the Steel Corporation, one of the first officers, was Mr. Walker, William R. Walker, formerly general superintendent or general manager of the Federal Steel Works at Chicago. I got him to come to New York and institute a statistical bureau that would keep me advised of these economies, and one of the things we did was to send to each blast furnace manager each month the cost of each one of the hundred companies in the Steel Corporation, or ninety, to be accurate, putting the best furnace at the top, with the name of the manager and the conditions, and the worst at the bottom, with the name of the manager and the conditions, for the education and stimulation of the other managers. The result of that was that the first year we made a saving in that department alone of approximately $4,000,000. Now, that is definite. To such an extent do I feel that such economies are possible that in recent years I have strongly advocated——

MR. DICKINSON: I think that is quite apart from what was asked you.

THE WITNESS: Very well, I will leave that out.

By MR. LINDABURY:

Q. Now, as to the foreign business, you mentioned in the speech and in your discussion with Mr. Morgan the advantages that would arise in the development of the export business?

A. Yes.

Q. What if anything did you do to develop the export business?

A. With the export, just as with this statistical bureau, I brought Mr. Farrell on from Pittsburgh, who had had the most experience, and who we believed was the best man to develop this business, and put him in absolute charge of the

development of the export business along the lines of the theories previously advocated.

Q. With what result?

A. Well, statistics speak for themselves. I think in that time there was very little export, and I think in this last year it is more than 5,000,000 tons.

MR. DICKINSON: We except to what he states with regard to the last year, as being irrelevant.

THE WITNESS: Well, if I am saying too much I want to take it out.

MR. DICKINSON: You are not saying too much for him, but you are saying some things we do not want. These exceptions are intended for the Court. They are not intended for any other purpose.

By MR. LINDABURY:

Q. You were starting to say or did say that it took about a year to get started?

A. It did, from a year to two years.

Q. Was the export company organized before you left, the Export Products Company?

A. I don't know; I don't remember.

Q. You do not recall?

A. No, I do not remember.

Q. You know how the business was carried on in later years?

A. Yes, I do.

Q. Have you observed the progress of the business since you left the company?

A. Only from the statistics as published generally and from the reports of the Steel Corporation.

Q. Do you happen to know whether any other concern has made any particular headway in the export business?

A. To the best of my knowledge they have not. I know we have not.

Q. Do you happen to know what percentage of the export business is now done by the Steel Corporation?

A. I do not know.

Q. Or its competitors?

A. I do not know.

Q. You say they have not succeeded very well?

A. No.

Q. How have they gotten on in the domestic market? That is, what have you to say as to the development of the businesses of the competitors of the Steel Corporation in the domestic market?

A. They have developed very rapidly.

Q. Are there any more in the business than there were at the time the Steel Corporation was formed?

A. You mean more companies?

Q. Yes.

A. There have been some small companies added, but the companies then existing, I think, have developed very much more than new companies have been added.

Q. Which of them have notably developed? I suppose you might begin with the Bethlehem; there is no objection to your doing it?

A. The Bethlehem most of all, and indeed all the companies have developed very much.

Q. Tell us about the Bethlehem; from what to what, in its production or capacity?

A. Six years ago the Bethlehem did a business of six millions, and last year we did a business of forty-four millions.

Q. How many men do you furnish employment to at Bethlehem?

A. About fifteen thousand.

Q. How many did you six years ago?

A. About three thousand to four thousand.

Q. In what lines of manufacture is it engaged?

A. First, our chief business is the manufacture of structural steel of a special character that we introduced at Bethlehem some five years ago, that has given us a very great lead and a very great advantage over all other structural steel manufacturers.

Q. Is that manufactured and sold in competition with the Steel Corporation?

A. It is.

Q. Is that your leading line now?

A. That is our leading product now. Then we make rails, about 200,000 tons of rails per year.

Q. Are they sold in this country?

A. Sold to railroads immediately contiguous to the Bethlehem works, as a rule. Of course there are exceptions to that.

Q. Under the conditions you mentioned?

A. Yes.

Q. And they are hardly competitive, therefore, for that reason?

A. No.

Our next largest output is of course ordnance of all sorts, armament and ordnance, and then we make all kinds of special steels, tool steels, crucible steels, steel castings of all sorts, forgings of every possible description, drop forgings and engine forgings. Indeed our business is a very varied one, in specialties largely other than the lines named.

Q. Do you compete with the products of the American Steel & Wire Company?

A. No; we do not make wire.

Q. What other products of the subsidiaries of the Steel Corporation do you compete with besides structural?

A. Structural and rails chiefly. I might also mention that we are also large builders of special machinery of all kinds. I had forgotten that as being of importance.

MR. DICKINSON: I would like to enter, without repeating it, Mr. Lindabury, an objection to the last question and answer.

(By request of counsel the last question and answer were repeated.)

MR. DICKINSON: That is excepted to as a reference to a time subsequent to the filing of the petition in this case, and I would like to enter, without repeating it, the general objection that I made to Mr. Farrell's testimony, as to irrelevancy and incompetency in the testimony as to existing conditions, after the filing of the petition.

MR. SEVERANCE: We entered an agreement that that might stand to all testimony in the case.

MR. LINDABURY: It will be understood that we are producing and offering testimony as to present conditions, and your present objection will stand to all such testimony whenever offered and by whatever witness.

MR. DICKINSON: Not merely as to the present, but any other conditions since the filing of the petition, without repeating the objection?

MR. LINDABURY: Yes.

By MR. LINDABURY:

Q. Has there been any change in this competitive situation since October, 1911, a year and a half ago? That is, was the character of your product the same then as now?

A. It was.

Q. Except that it is more in size now?

A. Yes; it is.

Q. What about Jones & Laughlin; are they competing with the subsidiaries of the Steel Corporation in steel products?

A. To the best of my knowledge they are in certain lines.

Q. Do you remember any particular ones?

A. Well, they make structural steels; they make merchant bars. I suppose that is probably their largest line.

Q. Do you know whether their business has increased or fallen off?

A. I only know in a general way from conversations with other managements and owners, and from their published reports, that their business has very largely increased.

Q. Have they built a new plant?

A. Yes; the steel business throughout the United States has increased very much this last ten years.

Q. I think you mentioned the Cambria and the Pennsylvania Steel, and Jones & Laughlin and the Bethlehem as competitors. What other principal competitors are there of the Steel Corporation?

A. There is the Lackawanna, located at Buffalo, and the Youngstown Sheet & Tube Company. There are a great many.

Q. And the Republic Steel Company?

A. Yes, and the Inland and the La Belle, and a great many; I could not mention them all.

Q. All flourishing, generally?

A. So far as I know.

Q. What was the policy of the Steel Corporation while you were president, and what has its policy been since, so far as you have observed, with reference to the maintenance of wages, the treatment of its competitors, and the having of an open and uniform price to all customers?

MR. DICKINSON: We except to that as irrelevant and incompetent.

THE WITNESS: Taking the first question, with reference to their attitude in regard to wages, I desire to say that from the first it was felt that this great corporation should treat with and towards labor in the most liberal manner, and so far as I know at no time during my presidency of the concern was there any attempt made to do anything else than to better the earnings, so far as consistent with good business, and to pay the best wages that were going, the best wages prevailing, and to treat labor in the best possible manner. There were some reasons for that. One of them was that we felt that this larger concern might be subject to public criticism for any step taken towards labor that was not favorable. As a result of that during my presidency there was not a year that the average earnings of its workmen did not increase.

Another thing that it did was, at that time there existed in the steel business what I will call a certain class of labor that was unduly high, while there was another class that was unduly low, and it had been the practice for many years throughout the steel industry. One of the things that I endeavored to correct at that time was the distribution of wages to make a better distribution of wages, that there should be no man paid unduly high wages, and that the lower class men should receive considerably more than they were receiving then. So that there is no question about the fact, in by mind that the whole situation with regard to labor was vastly improved by the Steel Corporation, not only vastly improved by them, but the mark was set by which independent companies were obliged, to use a vulgar expression, to "follow suit". There was less tendency, in times of depression and slack business, to reduce wages. In fact I do not recall any reduction in that period of time.

MR. DICKINSON: What is the period of time you refer to?

THE WITNESS: From 1900 to the end of my presidency. I will not speak of anything after that. That is what you asked me, is it not?

By MR. LINDABURY:

Q. I asked you "and afterwards" what has been their treatment so far as you know?

A. To the best of my knowledge——

MR. DICKINSON: You must speak only of your own knowledge, not from hearsay.

THE WITNESS: In my knowledge, to my best knowledge; I have been speaking with reference to my own and other workmen, that that has continued since; that there has been a gradual increase in the average earnings of our workmen from 1900 to date.

MR. DICKINSON: Just excuse me. I thought that question related to the Steel Corporation, did it not?

MR. LINDABURY: Yes.

MR. DICKINSON: Now you are answering about your own workmen.

MR. LINDABURY: He said it spread from the Steel Corporation to other works.

MR. DICKINSON: But he is volunteering information that I do not think the question calls for.

THE WITNESS: The question is such a long one that I might have been mixed.

MR. DICKINSON: Your answers are large.

MR. SEVERANCE: The subject is large.

THE WITNESS: With reference to the effect upon competitors? That was part of the question I believe.

MR. LINDABURY: I will put another.

MR. DICKINSON: Let us have the question read.

(The pending question was repeated by the stenographer.)

MR. DICKINSON: You were asked about the policy of the Corporation, and you went on and answered something about your own.

THE WITNESS: With regard to the policy of the Steel Cor-

poration toward its competitors do you want me to answer that, in relation to the time I was president?

MR. DICKINSON: That is objected to as irrelevant and incompetent.

By MR. LINDABURY:

Q. Not only then, but since, so far as you have observed it since, from the outside, and having been yourself a competitor.

A. In the beginning of the Steel Corporation, during my presidency, the policy of the Corporation towards its competitors was not one of endeavoring to hurt, not one of endeavoring to stifle or to destroy, but the policy of naming a price for our products not only to our customers, but openly through the trade journals, if you will, because I used to give it to the Iron Age and the Iron Trade Review each week, and the sticking to these prices throughout the trade; there probably were exceptions of a minor character to very large consumers, but as a rule during my presidency of the Corporation the prices of its products were fixed and published, and they were what were charged the customers. Is that clear?

Q. You say you gave these prices to the public, as a rule, once a week?

A. I did.

Q. To the trade journals?

A. To the Iron Trade Review and the Iron Age.

Q. Are they the principal trade journals in the steel industry?

A. They are the principal trade journals.

Q. What has been the practice of the Corporation in those respects or along those lines since you left the presidency, as you have observed it, from the point of view of a competitor?

A. So far as I know, from the point of view of a competitor they have adopted since that time practically the same policy.

Q. Have you ever known of the Steel Corporation to have a published price and a secret price differing from the public one?

A. So far as I am concerned personally I do not know of any.

Q. Have you ever known or heard of a case where the Corporation has sold at a less price in a particular market, to drive out a competitor?

A. Never.

Q. Or has sought to obtain a customer of a competitor by secret rebates or departures from these open published prices?

A. I have never heard of such a thing.

Q. Either while you were president or since you have been a competitor?

A. Never.

Q. How has the practice of the Steel Corporation in those respects compared with the practice of the steel manufacturers in the olden days?

A. Well, in the olden days when I was president of the Carnegie Company, what was then known as the Carnegie method of doing business was rather the opposite of this. We did everything that we could to secure all the business we could secure, regardless of the price at which we secured it, or regardless of the conditions under which we secured it, so long as they were honest.

Q. And how about with regard to the competitor, did you disregard him?

A. It was pretty hard on the competitor at times, but that was our policy, and one that it was very difficult to break away from, I do not mind saying.

Q. And that took some time?

A. Oh, it was not easily done.

Q. What, if any, knowledge had you while you were president, of the existence of the Jackson wire pools, or the connection of the American Steel & Wire Company with the same?

A. I have no knowledge whatever of that. I had a call from Mr. Jackson; I cannot give you the date, but it was in the early days of the Steel Corporation. That was the only time I ever met Mr. Jackson; he called to see me and explained to me his method proposed for such a pool. I did not think well of it, and I told him I did not think well of it, did not approve of it, and never heard anything of it after or since.

Q. To what extent did pools exist in the early days of the

industry, before the Steel Corporation was formed, if you can set limits to them?

A. No, I could not set a limit, except to say that they existed in practically every branch of the business, and in every possible direction. Personally I did everything I could to lend my efforts to the formation of pools at that period, because I thought it was a profitable thing to do.

Q. Were there any pools formed in which the subsidiaries of the Steel Corporation participated, so far as you know, during the time when you were president?

A. I do not think so.

Q. You know of none?

A. No; I think there were some holdovers, but even those I could not be definite and sure about, at that time; the records will probably show.

Q. Do you happen to remember any that held over?

A. I do not remember distinctly, but I think probably structural steel and plates did.

Q. During that hold over period, when you were laboring to get away from the old methods, did these pools operate on the old lines, or with modifications?

A. Oh, there were modifications.

Q. Did they have penalties in the old days?

A. They did.

Q. And did they enforce them?

A. They did in many instances; in some they did not.

Q. Were any penalties exacted during the latter period while this hold over situation existed?

A. To the best of my recollection there were not.

MR. DICKINSON: What period do you designate?

MR. LINDABURY: The hold over period, to use his term.

MR. DICKINSON: But you do not designate any time.

MR. LINDABURY: After the Steel Corporation was formed.

MR. DICKINSON: You mean the whole period, the later period after that time of the formation?

MR. LINDABURY: Yes.

By MR. LINDABURY:

Q. Were any penalties exacted?

A. I will only speak from 1901 to the fall of 1903.

Q. That is what I mean, and I am asking of course for your own knowledge, so far as you know.

MR. DICKINSON: You say there were none, or you do not know?

THE WITNESS: He asked me if there were any penalties exacted in any of the pools that held over from 1900 to 1903, and to the best of my knowledge I do not know of any.

MR. DICKINSON: You were only answering of your own knowledge?

THE WITNESS: To my best recollection and knowledge, I do not know of any.

MR. LINDABURY: I should suppose that is all he could answer for.

MR. COLTON: It might be hearsay.

By MR. LINDABURY:

Q. Do you know to what extent this uniformity of prices has been carried by the Steel Corporation, as, for instance, how their prices have compared with the prices of their competitors in dull times, and again in prosperous times?

A. I can only speak of that definitely with relation to recent times, when I have been a competitor. While I was president of the Steel Corporation I should say that our prices as a rule were somewhat above the other prices in depressed times, and below the other prices in prosperous times. In other words, we endeavored to keep more uniform. That was in the earlier period, during my presidency of the Steel Corporation.

Q. And later you knew about it?

A. Yes; I do know that in the prosperous period just passed, the Steel Corporation have sold me material at a lesser price than I would be willing to sell it; in other words, that their prices on structural material were less than mine to me. In other words, they have not endeavored to put the price high during the periods of scarcity in the steel business.

Q. How did you happen to be buying structural?

A. Well, it happened that they had sold structural for

export that we were not able to sell, and bought it from us to sell, our special lines of structural that they did not make.

MR. DICKINSON: You say they bought it from you?

THE WITNESS: Yes.

MR. DICKINSON: I thought you said you bought from them.

THE WITNESS: If I did, I made a mistake.

By MR. LINDABURY:

Q. You said the Steel Corporation sold to you at a less price than you would be willing to sell at.

A. Well, I misstated that. I did not intend to say that. We have been selling steel to the Steel Corporation.

Q. And they sold it to the public at a less price than you would have sold it?

A. Yes, to foreign countries.

Q. Less than you would have sold it?

A. Yes, exactly.

Q. Do you know whether that price was their general price? You are not speaking of any exceptional sale.

A. The point I want to illustrate is this, that during this year of prosperity——

MR. DICKINSON: Which year?

THE WITNESS: The year just ended, we were quoting higher prices for structural steel than the Steel Corporation was quoting on structural.

By MR. LINDABURY:

Q. Do you know how the price of other makers of structural steel compared with theirs or yours?

A. During the last year the price has been higher.

Q. Higher than what?

A. The Steel Corporation. In other words, they have endeavored to make a—may I say, a more uniform price. They have not endeavored to exact premiums, as many of the independents have, during the period when deliveries were difficult to obtain.

Q. What is the practice of exacting premiums that you have just alluded to?

A. Well, independent manufacturers as a rule for quick

deliveries will take a certain amount of business at a price of $5 or even $10 a ton above the prevailing market price. That is what we call exacting premiums.

Q. That is, during flush times?

A. During prosperous times.

Q. You say that this was the policy of the Corporation during your incumbency of the presidency?

A. To keep uniform prices as far as possible.

Q. Why? What was the theory on which that was done?

A. The theory was that many smaller dealers bought their steel from this Corporation; that we did not want them to be speculators, nor did they want to be speculators, as it were, in the price of steel; that, as a rule, they were caught with big stocks when prices were high, and made heavy losses by reason of rapid reductions, and the inclination to overbuy when prices were low; and that if prices were kept nearly uniform, people buying steel would buy for their requirements and not speculatively.

Q. That was the policy when you were there, and the reason for it?

A. It was. We endeavored to see that a man having 1,000 tons of steel, or 10,000 tons in his warehouse, instead of buying steel at what he thought was a low price, could order it as he needed it, and that he would be taking no chances of losing or making by violent fluctuation in the price of steel.

Q. Did the Steel Corporation apply that principle to all lines of production in this country?

A. So far as I know, they did.

Q. Whatever may have been the policy since, you have observed that the price has continued?

A. As nearly as I can tell, that is true.

Q. Take the price of steel rails. Do you remember when that went to $28—Bessemer steel?

A. Yes; approximately. I can not give you the exact date.

Q. What other kinds of rails were then made, and have been made since?

A. The open hearth rail has come in since that time.

Q. Do you happen to know in what proportion the open hearth rails are made now and sold now?

A. It would be a guess, but I should imagine that 75 per cent of them are open hearth.

Q. Do you make both, or open hearth only?

A. Only open hearth.

Q. The Steel Corporation makes both?

A. They make both, yes.

Q. And other concerns make both, do they?

A. Most concerns do.

Q. Has the price of open hearth rails remained unchanged?

A. It never has changed.

Q. What do open hearth rails sell at?

A. The base price is $30 for open hearth rails, and then there are always extras for special specifications, or changes from the ordinary.

Q. Are many of them made in special specifications?

A. Nearly all.

Q. Then the price really varies because of the different specifications?

A. It does.

Q. You get something more than——

MR. DICKINSON: One moment. Just ask what he gets, will you please? I object to counsel stating——

MR. LINDABURY: I will finish the question.

By MR. LINDABURY:

Q. You get something more than $30, do you not, for some of your rails?

A. $30 is the lowest price.

MR. DICKINSON: I object to that as leading.

By MR. LINDABURY:

Q. What prices do you get for your open hearth rails? Give us the range.

A. $30 is the lowest price.

Q. And the highest?

A. I have made special rails as high as $50; but they contained nickel and chromium and alloys, the value of which was added to the rail. As a rule, however, for specifications, I do not believe more than $4 a ton would be added to the $30 for specially difficult specifications.

Q. Generally, then, they run between two figures that you can name?

A. Yes; from $30 to $35 a ton.

Q. According to the specifications?

A. Exactly.

Q. Is there any uniformity of specifications among the users of rails?

A. No. Whatever the difference is, is usually arrived at by negotiation with the railroad.

Q. I mean, do the different railroads usually specify a different character of rail?

A. They do.

Q. Have any two of the leading railroads the same specifications?

A. That I am not able to answer. I do not know.

Q. How do you account for this uniformity of price, $28 for Bessemer rails, and $30 or near that for the open hearth rails?

A. The original price of open hearth rails was made $2 a ton more than Bessemer because it cost $2 a ton more to make them. $28 was the established price for Bessemer rails for some years, and that was the price of Bessemer rails when I made the first open hearth rail at Bethlehem. We made the first open hearth rail at Bethlehem, as a regular business. I added the extra cost to the price of the Bessemer rail, which was $2 a ton. I do not want to be misunderstood as saying that we made the first. The Tennessee Coal & Iron Company made a rail that some people at that time called an open hearth, but it was not; it was a duplex rail—Bessemer and open hearth. Bethlehem made the first straight open hearth rail, and we arrived at the price by adding $2 a ton to the cost of the Bessemer rail.

Q. When did Bethlehem make this open hearth rail?

A. About six years ago; six or seven years ago, I have forgotten exactly.

Q. And you have been in the market with rails to sell since that time?

A. Yes.

Q. How many others have been making open hearth rails?

A. Then we were followed by the Gary Works, and indeed all the others are now making them.

Q. All of the others?

A. Yes.

Q. Has there ever been any agreement between them during this time you have been manufacturing open hearth rails—between you and your competitors or other steel makers as to the price of rails?

A. None whatever.

Q. Then I return to the question as to how it has happened that the price has been uniform, or nearly so.

A. It is like a good many other articles of steel. The price of rails, when fixed at $28 a ton, was regarded in the earlier days by steel manufacturers, along about 1900 and before that, as a fair price for rails. For the reasons that I have given you, that each mill is going to get its percentage of rails, regardless of what the price of those rails is, $28 was thought to be a fair price for rails, and there has been no inclination to reduce it. I have never had a railroad president or purchasing agent yet ask me to give him rails for less. It is a price that has been generally established as being right and fair. Personally I think it is too low for rails. At my works at Bethlehem I would not reduce five cents a ton, because I do not think it is necessary—

MR. DICKINSON: We object to what you would do.

THE WITNESS: You want to ask how the price is fixed—

MR. DICKINSON: But you are telling something that has no reference to that, and I object. You are saying what you would do at Bethlehem.

THE WITNESS: It seems to me that I can only show how the price is fixed by general custom.

MR. DICKINSON: You are going into what you would do at Bethlehem, which I object to.

THE WITNESS: I am stating what I had done. I said I would not reduce the price.

MR. DICKINSON: We object.

MR. LINDABURY: The objection will go down on the record. I regard your answer as responsive. It is a question as to how you account for the unchanging price of rails.

THE WITNESS: Yes.

By MR. LINDABURY:

Q. You may proceed.

A. That is the reason, that I have given you—that we are going to get our orders for rails at any rate; that $28 a ton has been by custom deemed a fair price for rails. There has never been any change during the last ten years in that price, and there is not likely to be any.

Q. When you were interrupted by Judge Dickinson you were about to state that you would not change five cents, and then you were diverted. Please finish what you were going to say.

A. I would not change five cents in the price of my rails, for two reasons: First, because it would not be any more likely to secure the business, which I am going to get, at any rate, and secondly, the railroads of my competitors would say, to the people in the west, for example, "Bethlehem is making these rails at less than the established and acknowledged price. You must do the same." The result would be an awkward situation for all. I think it is a wise and good provision in the business that standard articles like rails be maintained.

MR. DICKINSON: I object.

THE WITNESS: You are asking why the price was maintained—

MR. DICKINSON: Yes, but opinions are not asked for. You are asked for facts, not opinions. I object to that, as being volunteered by the witness.

MR. LINDABURY: Mr. Schwab, of course Judge Dickinson has a right to object, but that is for the record.

THE WITNESS: I am really trying to give you the facts as I see them, regardless of whether they are—

MR. LINDABURY: I know; to get into an argument with Judge Dickinson would be diverting—

MR. DICKINSON: I think it is proper to remind the witness that facts are one thing and opinions are another. I object to that last answer of the witness as being volunteered.

MR. LINDABURY: Very well. I must object to either lecturing or scolding of the witness, or anything other than putting

on the record an objection. I will take the responsibility for the question and for the answer.

By Mr. Lindabury:

Q. Does it cost more or less to make steel rails today than it did ten years ago?

A. It costs very much more.

Q. I am speaking now of the period during which the price remained constant.

A. Quite so; and I am speaking of my own costs; I am not speaking of anybody else's.

Q. I am speaking of the period when they put in the base price; when the base price has remained constant. You have shown that that only covers about 30 per cent.

Mr. Colton: Did he say anything about 30 per cent?

Mr. Lindabury: Twenty-five per cent. He said the Bessemer rails had sold at $28 a ton, and that to that price is added something for the open hearth, and under special specifications.

By Mr. Lindabury:

Q. I wish you would tell us what the cost of making steel rails today is.

A. It depends a good deal—I can only speak of the cost of making rails in my own establishment today.

Q. Can you point out any difference between the cost at your establishment, and, we will say, at Pittsburg or any other favorably located and well managed plant?

A. If you will specify the plant. If you will say the difference between Bethlehem and the Steel Corporation, I shall endeavor to point it out.

Q. I will put it in that way, then.

A. It costs me more to make rails at Bethlehem than it does the Steel Corporation, because I am not in all the lines of cost that enter into the making of a rail. For example, I do not transport my own ore. Naturally, I must allow a profit to the man who does transport that ore, which adds to my cost. Take that as an illustration of why rails cost more to me. At the same time, I do not have the investment in the cost of transportation that the Steel Corporation has. In other

words, rails can be made cheaply proportionately to the extent to which you go into it, and the investment which you make for doing it. I could build a mill today, for example, for $1,000,000, that would make steel rails, but would make them uneconomically. Therefore rails will cost me more than the Steel Corporation, for the transportation, and reasons such as that, where I am not in the business. Rails will cost us today at Bethlehem an amount varying from month to month. No man can give the exact cost, because, as I say, it varies; but from $22 to $23 a ton.

Q. What do you include in that cost?

A. Everything.

Q. Overhead charges and all?

A. No; not overhead charges.

Q. Merely mill costs?

A. Merely mill costs.

Q. Nothing for interest on the investment?

A. No interest on the investment; mill costs.

Q. How much should be added to cover the interest on investment and overhead charges—the things that a manufacturer would have to count in, in fixing his price?

A. I will tell you in a moment. A dollar a ton, approximately.

Q. Does the mill cost at Gary or Pittsburgh differ materially from the mill cost at Bethlehem?

A. No. That was one of the points that I want to make, that we had reached the limit of metallurgical and mechanical possibilities, and the costs throughout the United States, confirming what I previously said—the cost in all mills throughout the United States is practically uniform.

Q. Very well. Then the mill costs—to get down to a basis that we can understand—is everywhere now about what?

A. Well, when I say mill costs, I mean costs above materials. I shall try to make that clear, if I can. For example, if pig iron is worth $13 a ton, you may say that the mill cost of making an open hearth rail is $10 in all mills, approximately $10 above the cost of pig iron. That is, the conversion cost.

Q. Yes.

A. That is about the same in all mills, whether it be the Steel Corporation or my own or any other mill today.

Q. What is the cost of pig iron today?

A. That varies in different localities, dependent on the cost of transportation. Our cost of pig iron at Bethlehem today is $10 or $12 to $13.

Q. What is it at Pittsburgh?

A. I have not the knowledge.

Q. You do not know?

A. No.

Q. About how has it run during the last two years?

A. About the same, I should imagine.

Q. Could you tell approximately the cost of pig iron at Pittsburgh?

A. It would be a guess upon my part.

Q. I see. Anyhow, $10 above the cost of pig iron?

A. Yes; $10 above the cost of pig iron to make an open hearth rail.

Q. To get at the total cost upon which a manufacturer must fix his price in order to ascertain his profit or loss, what has to be added—for instance, for depreciation; something, I suppose?

A. Yes. In no accounting that I have ever seen in steel works do they fix an amount per ton for depreciation. It is usually fixed on the entire investment and plant.

Q. Give us the items, without attempting to fix a percentage to be added?

A. The items in the cost of making rails?

Q. The items that must be taken into account beyond the mill cost which you have given us.

A. The mill cost includes everything but selling and overhead expenses. By overhead expenses I mean general management, general office expenses, traveling expenses, telegraphing, and all the things that might not be charged directly against the product.

Q. Does it include depreciation?

A. It does not include depreciation, or any interest that might be charged.

Q. All those items are omitted?

A. They are omitted in the cost which I give you.

Q. Is the depreciation in a steel plant considerable or not?

A. It is very heavy.

Q. Explain why.

A. The changes in methods and processes have been so frequent as to make obsolete and useless practically new plants. For example, the introduction of open hearth rails made practically useless all Bessemer converting plants for the making of rails. The Bessemer converter plant itself has been frequently changed within the last twenty years. That is an example of the progress in steel that has made depreciation very heavy, because of the necessity for changes in process due to the introduction of new processes or new methods; and especially is that true with respect to the general requirements of the public for higher grade steels in all lines, which made the introduction of new processes necessary, and therefore making useless the plants established for a different process. So that depreciation in steel plants in this past twenty years has been very heavy indeed.

Q. And in the case of rails is the turn-over quick or rather prolonged?

A. It is rather slow, as compared with general business. That is true of the entire steel business. The turn-over is very slow, as compared with general lines of manufacturing.

Q. Between steel rails and steel products generally, how is it?

A. There is not a great deal of difference. The turn-over generally is about the same.

Q. Mr. Schwab, I think you had something to do with the plate pool, the last of them?

A. Yes; I think so.

Q. Do you remember when it was made?

A. I think about 1900; in the fall of 1900.

Q. By yourself?

A. I think so.

Q. And do you remember when it finally was given up?

A. I do not remember, from recollection.

Q. Did you attend the meetings?

A. I did.

Q. Did Judge Gary ever attend any of them, to your recollection?

A. I think not. I am sure he did not.

Q. You are sure that he did not attend any of them?

A. I am sure he did not.

Q. Do you know of his having had anything to do with them?

A. To the best of my knowledge, Judge Gary did not have anything to do with any of these pools. He was opposed to them. When I was president of the Steel Corporation, one of the things that I had to contend with was Judge Gary's opposition to these things that I had been so long accustomed to.

MR. DICKINSON: I object to that.

By MR. LINDABURY:

Q. How did you manage it?

A. I did it without his knowing anything about it.

Q. That was part of your individual policy?

A. Yes, it was.

Q. Do you know how long they lasted after you left?

A. My recollection is that there were no very definite pools after that time; no very definite pools. By that I mean definite pools as to price, or definite agreements as to business. There were meetings and general discussions; at times we were so prosperous that pools were not necessary at that period, and by the time things got worse, the pools had been practically eliminated.

Q. Mr. Schwab, do you remember the acquisition of the Lake Superior Consolidated Iron Mines Company?

A. I do.

Q. Did you have anything to do with that purchase?

A. Nothing whatever, beyond a discussion with the committee as to their values, and so forth.

Q. You were consulted?

A. I was.

Q. Did you or not advise the purchase?

A. I did; very strongly.

Q. And at the price paid?

A. I did.

Q. What was your opinion as to the value to the Corporation of the property, with regard to the price?

MR. DICKINSON: I object to that as irrelevant.

By MR. LINDABURY:

Q. Was the property or not, in your judgment, worth to the Corporation the price that was paid for it?

A. It was. Otherwise I should not have advised it.

Q. Why did you advise it, or why did you favor the purchase?

MR. DICKINSON: That is objected to as being irrelevant and incompetent.

MR. LINDABURY: What is the objection?

MR. DICKINSON: As incompetent and irrelevant.

By MR. LINDABURY:

Q. Why were you in favor of the purchase? Why did you think it desirable?

A. I will tell you why. I have always believed that the steel industry in this country was going to grow far faster than the general public or the people in the business believed it was. If you will let me give a little statistics, I will say that in 1880 this country only produced 1,000,000 tons of steel. Last year it produced 26,000,000 or 27,000,000 or 28,000,000 tons of steel. In 1900, only along about fifteen or somewhere near fifteen million tons of steel.

Now, I believe, and always have believed——

MR. DICKINSON: Just a moment. I want to enter an objection to the witness stating what he believes.

THE WITNESS: I have been asked why I fixed the price——

MR. DICKINSON: I am simply putting an objection on the record.

MR. LINDABURY: I would rather you would not answer Judge Dickinson, Mr. Schwab. He is not really addressing his remarks to you, but to the record.

THE WITNESS: I understand. With this strong optimistic belief as to what I believed was going to be the future of the steel industry in the United States and in the world generally, I believed that these ores, or that any known ores of that kind, that could be obtained at that time and at that price were desirable purchases, first of all. Secondly, no company with an investment as large as that of the Steel Cor-

poration could afford not to have an ample reserve supply of ore back of it. These are the reasons that made me believe that the purchase of the Consolidated ore was a good bargain and a good price.

By MR. LINDABURY:

Q. Did you not consider that the Steel Corporation had an ample ore reserve without this property?

A. It had a good ore reserve, but it ought to have had more, and it ought to have more today. My belief in that is well illustrated when I tell you that in my own concern I have 150 years' ore supply ahead of it.

MR. DICKINSON: I object to that, because the witness is volunteering information not called for by the question.

By MR. LINDABURY:

Q. Proceed.

A. I state that as illustrating what my own personal belief is as to the value of ores.

Q. Do you know whether the steel manufacturing concerns generally have acquired ore reserves enough to carry them a considerable number of years?

A. I know it is the general policy. As for my own concern, of course, we are acquiring ores whenever they present themselves at reasonable prices.

Q. Do you know whether that is the practice of large and prosperous steel corporations generally?

A. I only know it as a matter of general knowledge.

Q. Whilst you were on the directorate of the Corporation and a member of these committees, questions were presented from time to time, were they not, as to whether you should acquire other ores in the Northwest?

A. They were.

Q. I think the minutes put in evidence show discussions upon that subject in the executive committee from time to time?

A. Yes.

Q. What was your attitude, then, with regard to these ores?

A. My attitude was always one of desiring to purchase additional ores in the Northwest; I mean at the points that could supply the works which we then owned.

Q. How was the question from time to time presented to your committee? By whom?

A. By Mr. Gayley, who was vice-president in charge of ores at that time; in charge of our ore interests.

Q. Was he particularly familiar with the ore question?

A. That was his business and he was an expert on values of ores.

Q. He had been an ore man all his life?

A. Yes.

Q. Yes. Do you remember whether the purchases that were presented and recommended were all made, or generally made?

A. I do not think they were made. I think they were not nearly all made, that he recommended.

Q. There is a minute that I recall being put in evidence by the other side, in which you seem to have entered some protest against having your men look up properties and present them, and then failing to purchase. Do you recall anything of that kind? I will get it in a moment. In the minutes of the Executive Committee, under date of May 20th, 1902, found on page 573 of Volume II of Exhibits, you are recorded as having said this. After speaking of a recent visit to the Northwest, you say:

"While up there I asked our people to go over the matter of our refusals of ore properties presented on short notice and to see if the man around the corner, so to speak, took them whenever we refused them, and I find in most instances he did. Every ore property we have refused has been taken by others. The question is what ought our policy to be in this regard. Most of our people are working very energetically for a new supply of ore, and the fact that we keep searching and then do not take, puts us in a very awkward light. For example, we are showing our interest by looking out for them, and then manifesting indifference by turning them down. I think we should stop explorations and wait until they come to us. Mr. Hill is the serious situation up there,

and they are taking these properties and then in turn leasing them to our competitors, and he is using all his efforts to have them take up these properties."

Do you recall that?

A. I do.

Q. What does that mean, as to the practice of the Steel Corporation in the acquisition of these ore properties?

A. In the early days of the Steel Corporation our Finance Committee was very reluctant to spend money for things of this sort, or improvement of plants even. The members of our committee had not been educated to know the manufacturing business as I knew it, with reference to modern methods and plants, and the acquisition of ore properties, and it was with the greatest difficulty that I could get them to buy what I considered most valuable and essential to the company, that was promising developments of ore, which is what was referred to there, which were mostly prospective bodies of ore, and as a rule opposed payment of money for that account, saying that we had ample ore reserve, and so forth. I advocated the acquisition of their properties because in my belief the consumption of ore in the years to follow was going to be very much greater than they anticipated, and I thought we ought to have as large a reserve as we could consistently get.

Q. Who were the other members of this Finance Committee?

A. The records will show that.

Q. Any that you recall?

A. Judge Gary, Mr. Bacon, Mr. Perkins, Mr. Ream, if I recall correctly, and Mr. Roberts. The records will show exactly what the committee was.

Q. Did you buy as many of the properties that were offered to you as you refused?

A. I do not think we did; I think we bought comparatively few.

Q. Who was your ore man up in the Northwest?

A. Mr. Cole, Tom Cole.

Q. Where was Mr. Gayley located?

A. He was in New York, but spent most of his time up there.

Q. Did Mr. Cole and Mr. Gayley unite in recommending these.

A. They did.

Q. And the Finance Committee united in turning them down?

A. Yes.

Q. And that is the reason of your complaint?

A. Yes.

Q. Who are the "most of our people are working very energetically for a new supply of ore?"

A. We had a corps of engineers aside from this, whose names I do not know.

Q. This is of date, May 20th, 1902. Did that go on during the time you were president?

A. Yes.

Q. Was there any purchase, while you were there, for the purpose of monopolizing the ore field or keeping ore away from competitors in order to cripple them?

A. There was not.

Q. Or otherwise restraining the manufacture?

A. No.

Q. Was there any purchase made with that in view? Did I interrupt you? I beg pardon.

A. The question of our monopolizing any product of ore or of the prices or output, during my days, in connection with the formation of the Steel Corporation or after, was never broached.

Q. Was there any thought or purpose of that kind, so far as you know, or can judge, in the organization of the Steel Corporation?

A. No.

Q. Was there any scheme of monopoly or suppression of competition or restraint of trade involved in the thing at all?

A. No.

MR. DICKINSON: This is objected to as involving a mixed question of law and fact, and calling for his opinion as to who may or may not have entertained thoughts on the subject, and not calling for the facts that transpired.

By Mr. Lindabury:

Q. Was the matter of acquiring a monopoly or suppressing competition between component parts mentioned by anybody, in any intercourse you had with any of the gentlemen who were concerned in the formation of the Steel Corporation?

A. No sir.

Q. Was any effort made during the time you were president of this corporation to acquire a monopoly and suppress competition in any line or product of steel industry?

A. Decidedly not.

Mr. Dickinson: That is objected to as being too general and not calling for any particular facts within the knowledge of the witness.

By Mr. Lindabury:

Q. Was anything done by the Steel Corporation while you were there, intended to put at a disadvantage any competitor? I mean to put at an unnatural or artificial disadvantage any competitor?

Mr. Dickinson: Objected to as calling for the intention and as irrelevant and incompetent.

The Witness: If you eliminate the fact that we endeavored to get better plants than other people, which we always endeavored to do, there was no intention to unnaturally take advantage of any competitor.

By Mr. Lindabury:

Q. Was there any attempt made to obtain the trade, or custom of a competitor, I will say, by unfair means or practices?

A. Not that I know of.

Q. And has there been, so far as you know, since you left the Corporation, any practice or indeed any instance in which the Corporation has obtained or intended to obtain the trade of a competitor by unfair means?

A. None that I know of.

Q. Has the Corporation since this period since you left it adopted unfair trading practices in any instance toward any competitor in any part of the world?

A. Not to the best of my knowledge, not to my knowledge.

Q. What was ever stated during the period before the Steel Corporation was formed, or afterward while you were president, by any person connected with the Corporation or with its organization or its management, with regard to the securing of a monopoly or restraining trade between the component parts of the Corporation and between the Corporation and anybody else? Is that a little too long?

A. I think I understand it.

MR. DICKINSON: That is objected to as calling for a conclusion of the witness, and not for a statement of fact.

THE WITNESS: From the moment when I first started my conversation with Mr. Morgan the question of our gaining a monopoly, or in any way controlling the steel industry was never mentioned. My whole argument with him, as advocating this company, was the economic development of the same, and the matter, to the best of my knowledge, never came up thereafter.

Q. Did either he or his associates ever intimate to you a desire to form a corporation on other lines or for other purposes?

A. Never.

Q. One more question before lunch. So far as you know, what has ever been done or said by anyone connected with the Steel Corporation or its organization toward or in favor of securing a monopoly or restraining trade or suppressing competition?

MR. DICKINSON: That is objected to as calling for a conclusion of the witness, and an interpretation upon his part, without giving in detail the facts which transpired.

THE WITNESS: Nothing.

(Thereupon a recess was taken until 2 o'clock p. m.)

AFTER RECESS.

CHARLES M. SCHWAB

the witness under examination at the taking of the recess, resumed the stand.

DIRECT EXAMINATION (Continued).

By Mr. Lindabury:

Q. Mr. Schwab, to what extent was the dismantling of plants carried during the time you were president, and what was the occasion for such dismantling?

A. Plants were only dismantled where it was found that there was more than one plant of the same character in the same district, and that economy would result from stopping one plant or dismantling one plant and consolidating it with the other plants, or where a plant was found so old and obsolete that it was better to start anew than to remodel that.

Q. Were any of them dismantled until they were tried out, or some business reason was discovered for doing it?

A. Not to my knowledge.

Q. Were any of them purchased, so far as you know, for the purpose of dismantling?

A. No.

Q. Mr. Schwab, returning to the ore matter, what is your opinion as to the value of the Corporation's ore properties in 1901?

A. I have expressed that opinion on many occasions, and I have never seen any reason to change it; and that is that the value of the Corporation's ore then, in 1901, was one dollar a ton.

Q. Some affidavit made by you in 1902 is alluded to in the petition in this cause, in which affidavit you gave your opinion that the ore in the ground of the Corporation was worth one dollar a ton; and it is alleged that that was based upon a fictitious valuation. What do you say about that?

A. I do not think that that is true. It was my candid opinion of the value of the ore at that time. I might say that

I have felt very proud of the fact that that has been verified a number of times since that time. During the past week—

MR. DICKINSON: I object to that as being volunteered, and not in response to a question, and also as hearsay.

By MR. LINDABURY:

Q. I will put a question that will make it responsive at least. I will ask you whether or not anything has occurred since that time to change your view as to the value of the Corporation's ore properties?

A. Nothing whatever.

Q. Has anything occurred to confirm that view?

A. It has.

Q. What?

A. I have offered upon several occasions to buy ore at a dollar a ton in the ground and assume all responsibility for extra cost in mining, and so forth; and within the past two weeks such offer has been refused.

MR. DICKINSON: I object to this as irrelevant and incompetent, and referring to a time remote from the period upon which his former opinion was given, and as referring to a period after the filing of the petition in this case.

By MR. LINDABURY:

Q. On whose behalf were these later offers made?

A. My own.

Q. What do you mean by your own? Personally, or by the Bethlehem Company?

A. The Bethlehem Steel Company and myself personally; both.

Q. Were any of these offers you have alluded to made on behalf of the Steel Corporation?

A. No, sir.

Q. Have you been informed generally as to the ore deposits available for manufacture in the United States, and their location, and the prices that ores have been bringing?

A. In a general way.

Q. What other ore deposits are there now than in the Lake Superior districts available for manufacturing in the United States?

A. There are a great many ores in the South, in the Alabama and Tennessee districts; there are a great many ores available in the New York, the Adirondack district, and many minor deposits throughout the United States, especially in New York State and eastern Pennsylvania. You are speaking of ores in this country, are you not?

Q. I was not, but I want to know about those.

A. I understood your question to be as to ores in this country.

Q. I will accept your answer as such and now ask you what ores outside of the United States exist which are known and which are available for transportation and to manufacture into iron within the United States.

A. There are very large tonnages. Perhaps the most important supply of such ores that is available for manufacture in the United States is on the east and west coast of South America and Cuba; indeed much larger tonnages than anything known in the United States. The ores of Spain, the ores of Sweden and the ores of Canada, Newfoundland and Nova Scotia are all available at present prices for manufacture in the United States as far west as Pittsburgh.

Q. What about the Cuban ores; are they available for manufacture in the United States?

A. They are.

Q. Are they used in the United States?

A. They are.

Q. Are they owned to any extent by manufacturers in the United States?

A. Indeed I think almost entirely they are owned by manufacturers in the United States.

Q. What manufacturers in the United States use Cuban ores at the present time?

A. The Pennsylvania Steel Company, the Maryland Steel Company, the Bethlehem Steel Company and some smaller companies.

Q. To what extent does the Bethlehem Steel Company use the Cuban ores at the present time?

A. Practically half its supply.

Q. And the Pennsylvania and the Maryland Companies?

A. The Maryland, all its supply; the Pennsylvania, a very large part of its supply.

Q. Where is the Maryland Steel Company's plant located?

A. At Sparrows Point, near Baltimore.

Q. And where is the plant of the Pennsylvania Steel Company located?

A. In Harrisburg.

Q. And what is the proportion of ore used by the Pennsylvania that comes from Cuba?

A. I cannot tell.

Q. Roughly?

A. A large proportion; probably three fourths.

Q. How long has the Bethlehem Steel Company been getting fifty per cent of its supply of ore from Cuba?

A. In earlier years it got its entire supply, but during my management the Bethlehem company has been getting it for ten years.

Q. That is, for the last ten years?

A. Yes.

Q. What is the character of these ores?

A. There are two kinds of ore in Cuba: the south coast ores are a hard, semi-magnetic ore, very similar to the old range ores of the Northwest; and the north coast ore is a deposit unlike any other deposit in the world; but it is more like the Mesabi. It extends over a very large area of Cuba, probably some fifty miles wide and 150 miles long. It is a deposit that runs from twenty to thirty feet in depth, and has the appearance of common earth. It contains a great deal of moisture and needs some preparation before use. It is probably the largest known deposit of ore in the world. I have estimated the Pennsylvania Steel Company's holdings there at more than one billion tons of ore.

Q. And what are the Bethlehem holdings?

A. Approximately half of that amount.

Q. And those of the Maryland Company?

A. When I speak of Pennsylvania Steel I speak of the Maryland and Pennsylvania Steel.

Q. How does the quantity there, then, compare with the amount of ore in the Lake Superior District?

A. I think it is the largest known deposit in the world, in tonnage, as I have said.

Q. Then it is greater, of course, than that in the Lake Superior District?

A. I have no doubt of it.

Q. At what comparative price can it be put down at Bethlehem; or, rather, at what price can it be put down at Bethlehem as compared with the price that the Lake Superior ores can be put down at Pittsburgh, per unit of iron content?

A. The Cuban iron ore can be put down at Bethlehem at about from six to six and a half cents per unit of iron. As to the price of the other ores, in Pittsburgh, I have not been in touch in recent years with that, and I do not know exactly; but there is not a wide difference.

Q. How rich in iron content is the Cuban ore?

A. When dried it runs from 50 to 56 per cent.

Q. Is there an ingredient in the Cuban ore which gives value to it and which is not found in the Lake Superior ore?

A. There is.

Q. What is that?

A. Nickel.

Q. What is the value of nickel to steel manufacturers?

A. Nickel adds very much, naturally, to the quality of the steel. It is an alloy that adds to its physical properties.

Q. For all uses, or for particular purposes?

A. For practically all uses, and particularly for rails and structural steel.

Q. And what value does it add to rails and structural steel?

A. It gives greater toughness as well as hardness.

Q. Passing down the coast, now, where is there ore on the east coast of South America?

A. There are large deposits in Venezuela, of which I do not know much. The largest deposits are in Brazil, 300 miles from the coast; that is very rich ore, containing 65 per cent in iron, low in phosphorus, and there are very large quantities not much developed. It is reached by railroad, but not sufficiently equipped to transport large quantities at present.

Q. Are conditions, however, favorable to the development of transportation?

A. Yes.

Q. The location is much nearer the coast, of course, than the Lake Superior region?

A. It is 300 miles from the coast.

Q. Ocean freight rates are not high, I suppose, as compared with rail rates?

A. No.

Q. I forgot to ask you the location of the Cuban ore with regard to the coast.

A. The south coast ores are in and about Santiago. The north coast ores are on the north coast of Cuba, immediately north of Santiago.

Q. How near the sea?

A. They border on the sea.

Q. In both cases?

A. In both cases.

Q. And they are advantageously located for transportation and shipment by water?

A. They are.

Q. This ore in Brazil that you mentioned has a rather high iron content?

A. A very high iron content, very rich.

Q. How does it compare with Mesabi ore?

A. Much richer. Mesabi ore will run 50 to 52 per cent, while this will run 65.

Q. Is there any element of inferiority about it?

A. No, it is superior ore, because it contains very low phosphorus.

Q. Now, about the west coast of South America. Where do you find ore there?

A. The largest deposits are in Chile.

Q. Are they large?

A. Very large deposits, very rich ore.

Q. Can you give any idea of their quantity, the minimum quantity?

A. No, it would be a very wild guess, because no accurate geological survey has been made in detail.

Q. Will these ores be available for manufacturing on the eastern coast before the Panama Canal is finished?

A. No, sir.

Q. I mean the east coast of the United States?

A. I understand.

Q. Will they be after the Panama Canal is finished?

A. Yes.

Q. Are they available now for manufacturing on the western coast of the United States?

A. They would be, with works on the west coast.

Q. There are no works located on the west coast?

A. No.

Q. Are these ores that you have mentioned available for manufacture anywhere along the Atlantic Coast?

A. Any where along the Atlantic Coast of the United States.

MR. DICKINSON: Do you mean all the ores he has mentioned?

MR. LINDABURY: I mean except the Chilian.

MR. DICKINSON: His answer made no exception.

THE WITNESS: I meant all the ores in South America.

MR. LINDABURY: Except that the Chilian ores will not be until the opening of the Panama Canal.

MR. DICKINSON: The question was regarding the ores available that he mentioned.

(Here the pending question was repeated by the stenographer.)

THE WITNESS: Anywhere along the coast of the United States.

By MR. LINDABURY:

Q. Are or not these foreign ores that you have mentioned, in Brazil and Cuba, sufficient in quantity to supply new steel works situate along the Atlantic Coast, sufficient in size to duplicate the whole present existing steel works of this country?

A. They are.

Q. So that the present output of steel could be entirely duplicated by new works using these ores?

A. On the Atlantic Coast or near the Atlantic Coast.

Q. Located within what distance of the Atlantic Coast?

A. I would say as far west as Pittsburgh.

Q. And as far south as the Gulf?

A. All along, yes.

Q. Are the Swedish ores you referred to imported into this country?

A. They are.

Q. Who has done that?

A. I have, or the Bethlehem Steel Company has, and others.

Q. How recently has the Bethlehem Company imported Swedish ores?

A. Within three years.

Q. Are they of high class?

A. Very; they are almost the counterpart of the South American ores.

Q. And for what use, if any particular use, have you imported Swedish ores?

A. For all our product, but especially for our very high grade steels.

Q. You told us a while ago about the known and developed ores of the United States. Do you know whether there are other ores that are known, but not fully developed in the western states?

A. The largest deposit of ore in the West is on the Pacific Coast of Mexico. I thought you were coming to that, but I had no opportunity to reply. The west coast of Mexico, which is available for use in the United States, and I am familiar with and have examined large deposits of ore in Utah. I think there are also large deposits of which I have no definite knowledge, in the Northwest, I mean Oregon and Washington and that district, but I can not speak of those definitely. Of the Utah deposits I can speak definitely, and of those of the west coast of Mexico, which are also very large deposits, on the west coast of Mexico and Lower California; I know of those.

Q. Are those all available to new manufacturers, or old, if they choose?

A. The ores on the west coast of Mexico are available for manufacture in the eastern part of the United States, or in the western part of the United States, if works were estab-

lished there; and of course the ores in Utah are available for manufacture in that district, described by a circle of which that will be the center. As yet, the industry has not grown to that use.

Q. The Colorado Fuel & Iron Company is a considerable producer of steel in the West, is it not?

A. Yes.

Q. And it is located, you said this morning, near Denver?

A. Pueblo.

Q. Do you know where it gets its supply of ore?

A. Mostly locally, within a few hundred miles of its works. I can not tell you much about that in detail.

Q. But you know that it does get it in that general locality?

A. Yes.

Q. How much of the cost of producing finished steel goes to labor?

A. It depends very much on the kind of steel referred to. If it is a highly finished article, it is large; if it is a roughly finished article, it is not so great, but I should say that the direct labor at the steel works is from 25 to 40 per cent of the cost; but as a matter of fact, it is all labor, whether it be transportation, labor or whatever it is. Analyzed down to its finality, the only thing that enters into the cost of any manufactured article is labor.

Q. What about the ore in the ground?

A. It has no value excepting the original value placed upon it plus the labor that is put upon it in transportation, mining, furnishing of supplies, and everything that goes with it.

Q. There is a reference in the minutes of the executive committee of the Steel Corporation to some remark made by you in 1901 with regard to an arrangement or contract between the Carnegie Steel Company and the Pressed Steel Car Company, in which the latter was paying to the former $100,000 a year. What was that contract?

A. May I see the minute? Have you got it there?

MR. DICKINSON: I object to his stating the contents of the contract if it is in writing. Was that contract in writing?

MR. WORTHAM: I am not sure just what this is about.

MR. SEVERANCE: You have examined it, Judge.

MR. COLTON: Our objection is good whether we have examined it or not.

MR. DICKINSON: But I would like to have an answer as to whether it was in writing or not.

THE WITNESS: I first want to find out which contract is referred to, if I may do so.

(Here Mr. Lindabury showed the witness a copy of the minutes referred to.)

THE WITNESS: This refers to a contract made by the Carnegie Steel Company.

By MR. LINDABURY:

Q. So I recited in my question.

A. I did not understand that. It refers to a contract made by the Carnegie Steel Company with the Pressed Steel Car Company, by which the Pressed Steel Car Company was to pay the Carnegie Company $100,000 a year. The contract was in writing, to answer your question, Judge.

MR. DICKINSON: I object to the contents of it; the contract itself being the best evidence.

MR. LINDABURY: You may proceed.

THE WITNESS: My recollection of that contract is that it was a contract extending over a period of years for a possible very large tonnage of steel, and was made at favorable rates with the Pressed Steel Car Company. There was no minimum in that contract as to what they would be obliged to take, and the Carnegie Company was exceedingly anxious that the Car Company develop into a big tonnage of steel for that business, which was then new.

(By request of counsel the pending question was repeated.)

MR. DICKINSON: I object to the witness volunteering any information beyond that called for by the question.

MR. LINDABURY: I do not think he is doing that. I think his answer is within the question.

(The pending question and the answer so far given were repeated by the stenographer.)

MR. DICKINSON: Now he is testifying to the anxiety of the

Carnegie Company, and not giving the contents of the contract.

THE WITNESS: He asked me to explain this contract.

MR. LINDABURY: You may go on, and if I did not ask you for the circumstances attending the making of the contract I will do it now, and you may answer it in connection with your answer to the former question.

THE WITNESS: (Continuing) The question of this payment was largely in lieu of the fact that there was no minimum specified. My best recollection is that it was reflected in the price which was named in that contract for the steel. That is my best recollection about it.

By MR. LINDABURY:

Q. Then as I understand you, this was an optional arrangement?

A. Practically so; it was an option to them for their requirements of steel.

Q. They were not bound to take any?

A. No; there was no minimum.

Q. But the Carnegie Company was bound to supply what they called for?

A. Exactly.

Q. Did you make the statement that is there, do you recall? Do you remember whether you did or not?

A. I suppose I did if it is there, but I don't remember anything about it.

Q. Were these minutes formal minutes, formally kept or taken by a stenographer, or if not, how?

A. I don't remember at this time.

Q. Do you remember whether they were ever read over or approved at subsequent meetings?

A. I don't really remember anything about the detail of that. I doubt if at that time we had a regular secretary of the meeting. I think Mr. Perkins probably took those minutes; I do not know.

MR. DICKINSON: What Perkins?

THE WITNESS: George W. Perkins.

By Mr. Lindabury:

Q. Mr. Perkins was on the Finance Committee?

A. Was this the Finance Committee?

Q. No.

A. No? Then Perkins was not on that committee.

Q. I only asked for your recollection whether these minutes were formally kept or read over at subsequent meetings.

A. I do not know.

Q. Have you any recollection of making that statement in that way?

A. No, I have no definite recollection of it. I would have no definite recollection, because there were so many minutes and meetings that I would naturally not remember definitely.

Mr. Lindabury: I will say to you gentlemen that we will get the contract itself at a later date, and furnish it to you. I have not got it here now, or I would put it in at this time.

Mr. Colton: The contract is in evidence now, but not signed. I suppose it would be better to put in the signed contract or agree that the one in Volume III of the Minutes of the Stanley Committee is correct. It is in about the last part of Volume III, entered into about January, 1899.

Mr. Lindabury: We do not any of us remember it, but if it is not in, we will get it and put it in, or get, as you say, the signed one. I think the one I saw was signed, but it may have been only a copy. The one I saw I understood, however, had been given to you.

Mr. Colton: I have seen it.

Mr. Lindabury: Then probably the one I saw is not signed either, but if it is not we will either put in the signed one or compare that one and see that it is correct.

By Mr. Lindabury:

Q. Do you remember how long before the Steel Corporation was formed that contract was made between the Carnegie Company and the Pressed Steel Car Company?

A. I do not remember.

Q. About?

A. Probably a year or two.

Q. Something like that?

A. Something like that.

Q. Has there ever been a foreign rail pool?

A. Not to my knowledge.

Q. I mean, with which the Corporation or any of its subsidiaries was connected?

A. I never heard of it.

Q. Either while you were president or afterwards?

A. No sir.

Q. My attention has been called to what apparently is the contract alluded to by Mr. Colton, on page 1201 of Volume III of Exhibits, which bears date February 14, 1899. Is that about the date?

A. That is about the date.

Q. Then we will look up the original. Has there ever been any agreement, so far as you know or have heard, between the Steel Corporation or any of its subsidiaries, by which the foreign rail producers undertook to keep out of the American market?

A. I never heard of it.

Q. Or where the Steel Corporation or any of its subsidiaries undertook to keep out of the foreign market?

A. No sir; I have never heard of any such agreement.

Q. Or the market of any foreign country?

A. No sir.

Q. You say you never heard of it?

A. I never did.

Q. Your activities in the pooling business never went so far at any time; is that right?

A. Well, it was not possible in the early days.

Q. That is, you had nothing to base an agreement on, no trade to base an agreement on?

A. That is correct.

MR. DICKINSON: That is all that restrained you?

THE WITNESS: That is right, Judge.

By MR. LINDABURY:

Q. What do you mean by early days?

A. Before the formation of the Corporation. I should have made such a pool if we had rails to sell abroad, and if I could have made it, but I could not.

Q. You alluded this morning to your idea about the inte-

gration of plants and development of the business of a successful steel manufacture along all lines. Was that idea new to you at the time you made that speech in New York which attracted Mr. Morgan?

A. No; it was not.

Q. Had you held those ideas previously?

A. For some years previous to that time.

Q. And had you presented the matter to your associates in the Carnegie Company?

A. I did, and carried them out there as far as possible.

Q. And why was it not possible to carry them further?

A. Our works had not expanded sufficiently to do it. We were not large enough to do it.

Q. Did Mr. Carnegie tell you why he wanted to sell out in 1900 and 1901, or did he mention, rather, any reason for desiring to sell out and retire?

MR. DICKINSON: I object to that.

THE WITNESS: He did.

By MR. LINDABURY:

Q. What was it?

A. He said he desired to devote his life and money to philanthropic purposes. That was his chief reason; he wanted to get money or securities that he could use for that purpose.

Q. When, so far as you heard, did that thought first take possession of his mind?

A. Some years before he finally sold.

Q. And that was the moving purpose, so far as you can judge, during the two or three years that you were endeavoring to make the sale?

A. That was, so far as Mr. Carnegie told me, or his partners.

Q. What was the reason his partners were ready to join and did join in options and offers of final sale?

MR. DICKINSON: I object to that as irrelevant and incompetent.

THE WITNESS: Chiefly, they did not think that the Carnegie Company without Carnegie would be quite so good as it was with him, and secondly, the purchase of Mr. Carnegie's

interest would have left the rest of us in a pretty bad way for financial credit. There were many reasons why, and I suppose there were some other reasons. There were some reasons in my mind that were different even from that.

MR. DICKINSON: I object to the reasons you had in your own mind.

MR. LINDABURY: You may state your own reason that prompted you to desire to sell.

THE WITNESS: I was very anxious to get in my own hands a large amount of securities that were not available under the old Carnegie partnership.

Q. The Carnegie stock was not quite liquid?

A. No, it was not only not liquid, but I had not paid for it, and therefore I did not have possession of it.

Q. The shares were thousand dollar shares, I believe?

A. They were.

Q. You have mentioned Mr. Frick. Was he also anxious to sell?

A. He was.

Q. He was leading in these endeavors to effect a sale?

A. Yes.

Q. And I think he had had some disagreement, had he not, with Mr. Carnegie?

A. Yes.

MR. DICKINSON: I object to the suggestion of counsel as to his thoughts, whether he had a disagreement.

MR. LINDABURY: You have proved it, I think. I beg your pardon, it did not occur to me as important.

MR. DICKINSON: It is hard to find out what is important.

MR. LINDABURY: I mean, putting the question in leading form was not of moment, because it alluded to matters you had proven.

By MR. LINDABURY:

Q. The disagreement you allude to resulted in a fierce litigation between them, did it not?

A. A litigation, yes, a fierce one.

Q. In what year was that litigation, about?

A. 1898, somewhere along there, or 1899, I guess it was—1898 or 1899, I am not sure.

Q. Would it be possible for the Steel Corporation to put a competitor out of business if it desired, even, to do so?

A. It could not put me out of business.

Q. Do you think it would have the power or ability to put any of the leading competitors out of business if it choose?

A. I do not think so.

Q. Why not? I am speaking, of course, of power, not of inclination.

A. Well, I think the independent steel corporations today are sufficiently grounded in every respect to compete with the Steel Corporation in all its products, and that it would not be possible for them to put any of the leading steel corporations out of business if they were so inclined.

Q. And as to the small manufacturers, have they any more power to put them out of business than any of the other large manufacturers have?

A. Oh, a very small manufacturer, ill-equipped and perhaps badly located and without proper supplies, it might be possible.

Q. You did not apprehend my question. Could they do it with any more facility than the large ones?

A. No, they could not. I understand you now; I did not understand you before. I think it would be easier for a large independent to attack a smaller manufacturer in his district than it would for the Steel Corporation to do so?

Q. Why?

A. Because the business of the independent is so circumscribed to the locality within which his competitor would be located; while if the Steel Corporation expected to do it they would have to extend their operations over a greater field, following the same policy that they always have followed.

Q. That is, destruction of the small and weak was a practice not unknown to them in the old days, was it?

A. It was.

Q. And quite extensively carried on?

A. Rather, yes.

Q. And with quite effective and marked results?

A. At times, yes.

Q. What percentage of them emerged from the different steel wars in the old days, these small fellows?

A. I do not know.

Q. Not many?

A. Not many.

Q. There were more gravestones than there were live competitors?

A. Yes.

Q. With regard to this setting of prices by the Steel Corporation, or fixing of prices adhered to or observed by competitors, did the Steel Corporation ever have to exercise over its competitors anything other than a moral influence in those respects?

A. No, it was not possible for them to do so, more than a moral influence. It is a difficult thing to describe, but I should say that their influence on the trade and fixing prices was a great balance, a great steadier of the business rather than a fixing of a definite price; it was not possible for them to see that a definite price was kept, even if they had desired to do so. It was a great moral balance, that is what it was.

Q. I think you have already mentioned that the price of the Steel Corporation has not been the same as the price of the competitors, either in good times or in bad times?

A. That is true.

Q. Generally, has there been considerable variation?

A. Some variation; it has generally been an average or the mean of the two.

Q. Has there been any time since the Steel Corporation was formed when there was not real and effective competition in the manufacture and sale of steel products all along the line, that is, along the whole line of products?

A. There always has been.

Q. And has it during this period been marked or especially strenuous?

A. It has at times been very strenuous.

Q. Many times?

A. Indeed at all times; it has been strenuous for the securing of the volume of business.

Q. And with what effect upon the industry as a whole has this general course been pursued?

A. It has had a steadying influence, that is the best description I can give you.

Q. Has it operated to defeat or restrain trade?

A. Of course I will not say that it has done either. The trade has naturally developed. The steel industry of this country must develop and has developed very rapidly and will continue to develop. Of course, if they had insisted upon too high prices it would have restricted the development of trade and of the industry, and if they had made it too low it would have restricted the development of the industry.

Q. Does the destruction of the small competitor tend to the development of the industry or otherwise?

A. No; it does not tend to develop the industry.

Q. Does the carrying on of business in such a way as to preserve through bad times the small man and the middle man, and not destroy anybody, have a tendency to upbuild and extend the trade?

A. It does.

Q. In the lines you have been talking about, has it had that effect?

A. Very markedly.

Q. Can you account at all for the prosperity of the industry on those lines?

A. I can, undoubtedly.

Q. Do you remember whether there were any failures in the panic, or as a result of the panic of 1907, among the steel manufacturers?

A. I do not recall any.

Q. Did you ever go through a panic before with such a result?

A. I think not.

Q. And that brings me to the subject of the so-called Gary dinners. Did you attend any of them?

A. I did.

Q. All of them?

A. Not all, no. I was absent from several.

Q. Did you attend the first one?

A. I did.

Q. When was it held?

A. I can not give you the date. It is a matter of record.

Q. Perhaps you can tell us pretty nearly.

A. Five or six years ago.

Q. But, with reference to the panic?

A. Oh, yes; it was during the panic of 1907. I remember that.

Q. That is what I mean. What was the occasion of it, as you understood it?

A. The steel trade promised to become in a very demoralized condition. Judge Gary invited everybody to this dinner at the Waldorf Hotel. My recollection of what was done there—

Q. Just a moment. Before you go to that, if you will pardon me, I would like a little fuller account of what you call a demoralized condition.

A. Prices had gone very low. There was a very scant demand for steel. As I stated before, many people had their warehouses full of steel. When I say there was a demoralized condition, I mean people felt that the market was going to go very low, and they were loaded with stocks. In general, there was a very uneasy feeling throughout the whole situation.

Q. To what class was this situation—to what class, I mean, of persons interested in the steel industry—was this situation particularly threatful?

A. To the people who had stocks; the merchants of steel, the sellers of steel, the retailer.

Q. The middlemen or merchants; the retailers?

A. Exactly, the warehousemen.

Q. Were they especially loaded up at that time?

A. They were.

Q. I mean, unusually? To an unusual extent?

A. They were.

Q. How did that happen?

A. It nearly always happens that in a falling market the people who buy stocks are loaded up in anticipation of sales they do not make. That is, as a rule, right.

Q. What was the condition preceding the panic as to prosperity or otherwise in the steel industry?

A. We had a very prosperous period.

Q. How did the first half of 1907 compare with any similar period during the preceding ten years?

A. The first half of 1907—I want to be sure about my dates.

Q. The panic was in October, you know.

A. Immediately preceding that was one of the most prosperous periods we had had.

Q. And was this panic sudden, or was it generally anticipated?

A. No; it was very sudden; rather sudden.

Q. Now you may proceed to tell as you had started to do what transpired at the dinners. Perhaps it would be better to take the first one alone?

A. This dinner was attended by manufacturers and merchants and middlemen.

Q. Yes.

A. The key-note of the whole dinner was an address by Judge Gary, or rather a talk to all the members there, with a view of their not becoming panic stricken; with a view of their not sacrificing the situation by too great a cut in prices and a precipitation of bad business methods; that we ought to retain our heads and not become excited over a situation of that sort, and that we should calmly await the return of prosperity; that our usual prorata of business would probably come to each one regardless of the prices at which it was done; and that it was unwise business policy and bad for the industry and especially bad for the people who carried stocks to precipitate and make worse such a demoralized condition. That was the key-note of everything that was said at that dinner.

Q. Was anything said about entering into an agreement fixing prices or output?

A. Nothing whatever.

Q. Were prices mentioned?

A. Not at all.

Q. Was any price of any product mentioned?

A. No; not at all.

Q. I mean, a definite price for a definite product.

A. It was not discussed at all.

Q. Only a general talk along the line mentioned?

A. Just a general talk along the lines indicated.

Q. Have there been any agreements of that kind, written or verbal, express or implied, since you returned to the steel business and bought the Bethlehem plant—of course as far as you know?

A. None.

Q. Were any such agreements made, that is, express or implied, written or verbal, at or in connection with, or as the outgrowth of the Gary dinners, in so far as you know or are aware?

A. None to my knowledge.

Q. Mr. Schwab, I think the Shelby Steel Tube Company was purchased while you were president and a member of the executive committee. Am I right about that?

A. It was.

Q. Had you to do with that?

A. I had.

Q. Did you advise with respect to it?

A. Very strongly.

Q. That is, in favor of the purchase?

A. In favor of its purchase.

Q. Why? Upon what ground did you favor it, and so advise?

A. It is necessary for me to make a somewhat lengthy explanation about that, if I may.

Q. All right.

A. For many years I had advocated the making of tubes in the Carnegie Steel Company. When I say many years, I mean four or five years. I desired to make tubes there by a process different from any that had ever been used. I wanted to make an entirely new line of manufacture, just as we did the structural sections at Bethlehem in subsequent years; an innovation in tubes. I am sorry to say that most of the people did not agree that it was feasible and practical. We had finally agreed to do this, when the Steel Corporation bought the Carnegie Company.

I desired to see those same ideas that I had in the Carnegie Company fully developed and carried out in the Steel Corporation, notwithstanding the fact that they had been opposed by the majority of the Tube Company in the Steel Corporation.

The Shelby Tube Works was the works at which I made my first experiments with a view of making this kind of tubes, seamless tubes. They had the equipment to carry out the ideas that I believed were ultimately to come in; and Mr. Miller, its manager, was in entire sympathy with my views regarding this matter. I urged the purchase of that company primarily because I wanted to see this idea of rolling all tubes seamless fully developed; and I believed that that was the place it could be done. The seamless tubes that had been made within the Corporation were not, to my mind, made on proper economic principles, and I thought that those at the Shelby were; they were progressive, managed by an individual, and modern, and I desired to purchase the works on that account, and advocated it.

MR. DICKINSON: I object to that as irrelevant and incompetent.

By MR. LINDABURY:

Q. Mr. Schwab, were you attending the meetings of the executive committee when the Sharon, the Troy and the Clairton properties were purchased?

A. I was not.

Q. How did that happen?

A. I was ill at the time, and was away for a year.

Q. So that you had nothing to do with the purchase of those?

A. Nothing whatever.

Q. Mr. Schwab, a few more questions and I shall have finished.

First, has the Steel Corporation, as a matter of fact, in so far as you know, or in so far as you have observed, restrained trade, acquired a monopoly, or attempted to acquire a monopoly in any line of steel manufacture during any period of its existence?

MR. COLTON: Just a moment. That is objected to as calling for a conclusion, and involving a question of mixed law and facts.

THE WITNESS: It has not.

By Mr. Lindabury:

Q. It has not?

A. To the best of my knowledge they have not.

Q. Has any influence or any factor ever come into the steel industry in this country which has done more or as much to foster trade and to stimulate healthy, effective and lasting competition as the Steel Corporation?

A. They have not.

CROSS EXAMINATION.

By Mr. Dickinson:

Q. Mr. Schwab, you spoke of an experiment that you had very much at heart with regard to making seamless tubes.

A. Yes.

Q. Had you not made that experiment in 1900, and had it not proven successful?

A. No, sir. I had made experiments, but not that experiment. It was in line with that experiment.

Q. It was in line with that experiment?

A. Exactly so.

Q. At the time the Corporation took over the Shelby Tube Company, state whether or not that tube company was a competitor of the Corporation in the making and sale of tubes.

A. I don't know. I think that the National Tube Company did make some seamless tubes, and I know also that the Shelby Steel Tube Company did.

Q. How about the Standard?

A. The Standard I do not know about.

Q. Was not that controlled by the Corporation at that time?

A. The Standard Tube Company?

Q. The Standard Seamless Tube Company.

A. Not that I know of.

Q. You don't know anything about that?

A. No; I do not. Not by that name.

Q. State whether or not, as a matter of fact, at the time the Shelby Tube Company was taken over by the Corporation, it was in competition in the sale of tubes for the same competitive purposes with the National Tube Company.

A. My recollection is this, that they both made seamless tubes, but by different processes.

Q. Did they not sell them in competition with each other?

A. Probably they did.

Q. And in interstate commerce?

A. I don't know about that.

Q. Where did they sell them?

A. They sold them all over the United States.

Q. Where did the Shelby Steel Tube Company sell them?

A. I suppose in the same way. I don't know.

Q. All over the United States?

A. Yes.

Q. Was there no other way you could carry out this pet scheme of yours for experimenting without the taking over by the Steel Corporation of a competitor?

A. I could have built another steel works.

Q. You could have built another steel works?

A. Yes.

Q. When did your work in the steel business begin? How far back?

A. 1880.

Q. From that time have you devoted all of your time and faculties to that business?

A. Practically all; with the exception of one year that I did not.

Q. You have testified to a very wide and detailed knowledge of that business. A part of it, I presume, was acquired by your own experience, and a part by information derived through trade papers, and otherwise?

A. Of course.

Q. You have alluded to trade papers, the Iron Age and the Trade Review.

A. Quite so.

Q. Were those papers the chroniclers of the times in that line of business?

A. As a rule they were. They are the chief trade papers.

Q. And were they accepted generally by men in that line of business as faithful exponents of what transpired in the business from time to time?

A. I think that could be safely said, yes.

Q. Did that apply to the starting up of new enterprises and the development of new manufactures in different lines of business?

A. Yes.

MR. LINDABURY: That is objected to as irrelevant and immaterial.

By MR. DICKINSON:

Q. Did it apply also to the question of prices, the prevailing prices at the time?

A. It did.

Q. And the announcement of prices?

A. It did.

Q. I understood you to say that when you were president of the United States Steel Corporation you would from time to time announce to them what the prices were?

A. It was the custom of the representatives of these papers then, and it is the custom today, to call at the offices of all steel companies for information relative to the trade, and when they called, I gave them this information, and do today.

Q. And you knew that it was given for the purpose of being announced to the trade?

A. Exactly so.

Q. And for the trade to rely upon the authenticity of those statements?

A. Yes.

Q. Has that been continued down to the time, say, of the filing of the petition in this case, October 26, 1911, by the Steel Corporation?

A. That I do not know.

Q. Do you see announcements made from time to time?

A. They were not in the form of announcements. This information was never published as an announcement.

Q. I understand that it was not as an announcement made by the Corporation themselves, but it was an announcement made by these trade papers based upon information they obtained from these different manufacturers?

A. Of course; but I cannot speak of that since my connec-

tion with the Corporation. I can only say that for our own business we follow the same practice today.

Q. You have spoken of pools and combinations?

A. Yes.

Q. Prior to the formation of the United States Steel Corporation. I will go into that, Mr. Schwab, with some degree of detail, and, I fear, with a little prolixity.

MR. LINDABURY: What volume have you in your hand, Judge?

MR. DICKINSON: Volume III, page 978.

MR. SEVERANCE: Volume III of the exhibits?

MR. DICKINSON: Yes; Volume III of the Government exhibits.

By MR. DICKINSON:

Q. Going back as early as October 6, 1893, or, say, in 1893—because the particular date you would probably not be able to burden your mind with: State whether or not at that time the Illinois Steel Company was a competitor and rival of the Carnegie Steel Company, and if so, in what lines of business?

A. In 1893 I was manager of works and had nothing to do with the business of the company. Therefore I would not be competent to give you an opinion on that.

Q. Your initials are "C. M."?

A. Yes.

Q. There were two Mr. Schwabs. That is the reason I called your attention to that.

A. Yes.

Q. It appears from the minutes in evidence of the Carnegie Steel Company, Limited, that at a meeting of October 6, 1893, at which you, among others were present, a letter was read from Mr. Andrew Carnegie. I refer, now, to pages 978 and 979, where the following appears:

"The position of the Illinois Steel Company is that of a rival which has deliberately gone into all our lines, plates, structural steel, etc., and now, in my opinion, is the time to cause them to delay spending money to compete with us. I think you had better take $2.50 per ton for the 10,000 tons

of rails they owe you than miss getting anything. It is too bad that we should be beaten a second time in dealing with that concern.

"Unless our competitors agree to let the concern make the rails which offers to make them at the lowest price, putting all above it into a common fund to be divided according to present percentages, then it does seem to me, you should tell all of them, and especially our good friends the Illinois Steel Co., that we must go along next year and take contracts for rails in Chicago just as we do for beams."

A. That sounds like Mr. Carnegie.

Q. Does it sound like the truth?

A. I think that is the truth.

Q. Then, Mr. Schwab, at that time the Illinois Steel Company and the Carnegie Company were competitors in the lines just mentioned, and selling in each others' territory, were they not?

MR. LINDABURY: I object, because the witness has said, as I understood him, that he had no familiarity with the business at that time, and therefore could not speak from knowledge.

By MR. DICKINSON:

Q. I call the attention of the witness to the fact that he was present at this meeting; and since that I understand him to say that in his opinion the statements there made were true.

A. True as written by Mr. Carnegie.

Q. And they are the facts as stated?

A. Mr. Dickinson, I have no personal knowledge that would enable me to say that those facts were true. While I was a member of the board of directors of the Carnegie Company, I was there because of my practical knowledge of the business, and I had never had anything at that time to do with the business of the board, with the negotiations or business part of the affairs of the company.

Q. And, although you were there in the capacity of a director—

A. I was.

Q. You say that you had no knowledge of who were the competitors of the company at that time?

A. Yes. I knew they were competitors.

Q. Who were competitors?

A. All the steel companies were competitors in our lines that manufactured the same thing; but I may qualify that by saying that while they were competitors, it was not in all lines. It was in special lines. For example, they were competitors in rails, they were competitors to a very small degree in bars.

Q. How about plates?

A. I do not recall. I think in a very small way they were competitors in plates at that time.

Q. But they were competitors, were they not?

A. Yes.

Q. In interstate commerce?

A. That is, in commerce throughout the United States, yes.

Q. In structural steel?

A. Yes; in a small way; a very small way.

Q. Could they not, under advancing conditions, have enlarged their business and their competition in those lines?

A. They could have enlarged their works, yes.

Q. Just like other concerns have been in recent years enlarging their works?

A. Certainly; just as we did.

Q. Then they were actual competitors and they were potential competitors, were they not?

A. To the extent that I have answered you, yes.

Q. Mr. Schwab, I will ask you whether or not there was an agreement entered into in 1893 between the Illinois Steel Company and the Carnegie Steel Company, Limited, of Pittsburgh, to begin on January 1, 1894, and continuing during the year 1894, by which—

"all sales of rails for 1894 delivery, whether made by the first party or the second party, shall be divided equally between the parties hereto, to the end that each party shall roll and ship the same percentage of the combined sales. Sales, so far as is possible, are to be made so as to avoid transfers of contracts from one party to the other.

"Second: The amount received for rails shipped by the Illinois Steel Company exceeding an average of twenty-two dollars per gross ton on cars at works, after deducting all freight and commission actually paid, and adjustment of interest on time sales; and the like amount received by The Carnegie Steel Company, Limited, exceeding an average of twenty-one dollars per ton shall be divided equally between the parties hereto; statements to be rendered monthly and the final settlement and payment of net balance to be made on 25th day of following month."

MR. LINDABURY: That is objected to as relating to a period anterior to the organization of the Steel Corporation, the Federal Corporation and all other defendants except the Carnegie Company; and also as calling for the contents of a written document.

THE WITNESS: Just what was the question, Judge? What was there about it you wanted me to answer?

By MR. DICKINSON:

Q. To answer whether or not, at or about that time, there was such a contract?

A. I had nothing to do with the agreement, but I had knowledge that such an agreement did exist. I knew that there was such an agreement.

Q. And it was operated under by those two companies?

A. To the best of my knowledge it was; although I have no way of personally knowing, other than the agreement as set forth in the minutes.

Q. This agreement was set forth in the minutes of a meeting at which you are recorded as being present.

A. I say I have knowledge of such an agreement.

Q. You have knowledge of such an agreement?

A. Yes.

Q. Now, state whether or not in 1893 there was a combination between the Carnegie Steel Company, Limited, the Illinois Steel Company, the Lackawanna Iron & Steel Company, the Cambria Iron Company, the Pennsylvania Steel Company, the Maryland Steel Company and the Bethlehem

Iron Company by which they agreed to an apportionment of the percentage of rails manufactured by them.

MR. LINDABURY: I object to that question because it relates to a period before the organization of any one of the corporations defendant in this cause.

By MR. DICKINSON:

Q. I call your attention, before answering that, to the fact that of these companies mentioned here the Carnegie Steel Company, Limited and the Illinois Steel Company afterwards went into the Corporation—did they not?

A. Yes.

Q. Was there such an agreement by which the percentages of rails produced by all of them was apportioned?

A. Mr. Dickinson: I have no definite knowledge of it, beyond what you read in the minutes; but I had general knowledge that such an agreement did exist.

Q. Between those companies?

A. I had nothing to do with it.

Q. But you had knowledge, as a director?

A. I had knowledge that there was such an agreement. I could not testify beyond that.

Q. And that the Carnegie Steel Company and the Illinois Steel Company were parties to it?

A. That is my information.

Q. Who were the largest manufacturers of rails at that time, of those I have mentioned? Mention the two largest.

A. I think the Carnegie Company and the Illinois Steel Company.

Q. Those were the two largest of those named?

A. Yes.

Q. Mr. Schwab, do you know anything about a guarantee entered into to the Colorado Fuel & Iron Company by the Carnegie Steel Company, Limited, in about the year 1897 in regard to a rail pool existing between the Colorado Fuel & Iron Company and the Illinois Steel Company and the Carnegie Company?

A. Yes; I know of that.

Q. Just state, in general terms, what that was about.

A. I can not tell the details of it.

Q. What was the character of the arrangement existing between them?

A. An arrangement by which they were to be guaranteed a certain percentage of the rails. That is the only one I remember.

Q. The Carnegie Company was situated in Pittsburgh?

A. Yes.

Q. The Illinois Company was situated where?

A. In Chicago.

Q. And the Colorado Fuel & Iron Company was situated at Pueblo?

A. Yes.

Q. You have testified that there were certain zones of territory in regard to rails?

A. That is right.

Q. But, notwithstanding the existence of that potential fact, you did at that time have a rail pool between those three companies situated as remotely from each other as has been stated?

A. I don't know that there was, although that would be quite natural. I do not know that that was one of the number of pools that did exist. I can not recall that; but I do know that that would be a natural thing to do, because the Illinois Steel Company would not want to ship rails to Denver, and the Colorado Fuel & Iron Company would not want to ship rails to Chicago; so that it was an economic and natural thing to do.

Q. And the Illinois Steel Company would not want the Carnegie Company to ship rails to its territory?

A. No. If there had been no agreement, they would have each shipped to each other's territory.

Q. That is to say, they would have been competitors?

A. They would have shipped to each other's territory.

Q. And sold against them?

A. They would have shipped to each other's territory, and each man, in the end, would have made the same amount of rails. That is the point I desire to make.

Q. If there had been no agreement made, you say they would have sold in each other's territory?

A. A certain amount undoubtedly.

Q. And this agreement prevented them from doing it, did it?

A. Certainly.

Q. State whether or not in 1896 the Illinois Steel Company and the Carnegie Steel Company were competitors in beams and channels in interstate commerce.

A. I think the Illinois, my recollection is, made a very small amount of beams and channels in that period. They made some.

Q. And they could have made more?

A. If they had enlarged their plant.

Q. If they had enlarged their plant?

A. Yes.

Q. Was there anything to prevent their business growing?

A. Nothing whatever.

Q. And they did sell these things in competition with each other at that time?

A. They did.

Q. In interstate commerce?

A. When you say "interstate commerce"——

Q. I mean outside of the states where they were manufacturing, in other states.

A. Of course.

Q. And in competition with each other?

A. Certainly.

Q. How about the Pencoyd Company at that time; did they manufacture beams and channels?

A. They did.

Q. Where did they sell them?

A. How did you express it—in interstate commerce?

Q. Interstate commerce?

A. Of course.

Q. In competition with these other companies?

A. Quite so.

MR. LINDABURY: Mr. Schwab does not recognize any state lines.

THE WITNESS: There were no such at that time; we did not recognize any such terms.

By Mr. Dickinson:

Q. At that time?

A. At that time.

Q. At that time, state whether or not the Cleveland Rolling Mill Company was manufacturing beams and channels.

A. I do not recall that they were ever in agreement with us.

Q. I didn't ask that.

A. I do not think they even manufactured; if they had, they would have been in the agreement.

Q. I will read you from page 1014 of Volume III, a meeting of February 18, 1896, at which you are described as being in the East at that time, but I will ask you about this.

A. Is that a minute of the Carnegie Company?

Q. A minute of the Carnegie Company, and what I will read from is a communication from Mr. Leishmann. He was then president of the company?

A. He was.

Q. In which he said, at the bottom of page 1014——

Mr. Lindabury: One moment. Upon what theory are you reading this to him?

Mr. Dickinson: He was a director at that time, and I want to ask him about certain facts that appear here.

Mr. Lindabury: But it appears that he was not present.

Mr. Dickinson: He probably carried his knowledge around with him, as he has shown himself perfectly capable of doing.

By Mr. Dickinson:

Q. (Reading) "But if it was taken up with all of the manufacturers I hardly think it would be practical for us to secure the percentage which we would be entitled to on our showing for the last year or two; for while we might be able to show that we had made 60 to 70% of all the Beams and Channels, we could hardly expect to get over 50% in the pool, as Cambria and Cleveland Rolling Mill Company, who have come in within the last year or two, would not be satisfied with their showing, and Illinois Steel Company would have to be taken care of, for while they have not cut much of a figure during the last year or two on account of the low prices, if the price was put on the basis of 1.75 they would either have to be paid to stay

out of the market on a pretty fair percentage, or else the price would tempt them to go ahead and improve their Mills and come in and take their pro rata of the tonnage."

I will ask you whether or not that refreshes your memory, and whether or not you now recall that the Cleveland Rolling Mill Company at that time was making product in competition with the Carnegie.

MR. LINDABURY: Do not answer that question yet; wait until I get in my objection. I object to this method of refreshing the witness's recollection, by a statement that he does not appear to have seen before and that was not made in his presence nor by his authority.

By MR. DICKINSON:

Q. (Continuing) Does that refresh your recollection?

A. To tell the truth, I had nothing to do with that agreement. That was one I did not have anything to do with.

Q. That is one that escaped you, is it?

A. Yes.

Q. But since you have got your mind running along that period, I will ask you whether or not you can now recall that the Cleveland Rolling Mill Company at that time was a competitor.

A. No, sir; I do not recall it.

Q. Now, I will read you from one at which you were present, pages 1018 and 1019, meeting of the board of managers of the Carnegie Steel Company, Limited, February 25, 1896. (Reading:)

"In reply to a question by the Chairman, Mr. Phipps reported in the matter of export business——

" 'Contracts have been made for 10,000 tons of rails for Japan and 3,000 tons for Chili; and on these lots, as well as on the rails for San Joachin, very satisfactory freight rates have been obtained.

" 'The Canada and Mexican Contracts are not yet settled. The chances are very good for our getting an order for 10 to 12,000 tons from the Erie Railroad for prompt shipment, and 10,000 tons from the Southern Railroad Company. The Wabash asks for a price on 15,000 tons of rails. We hope to get this business at Association price Mill, and also to arrange

a transfer from the Illinois Steel Company of 16,000 tons for the Illinois Central Railroad.' "

Now, explain what it means, about a transfer from the Illinois Steel Company of 16,000 tons for the Illinois Central Railroad Company.

A. What is the date of that?

Q. February 25, 1896.

A. I cannot tell you definitely of my own knowledge, excepting that I know—

Q. From your general knowledge.

A. That there was an agreement between those companies to divide business.

Q. And it would further intimate—

A. That they had sold more than we had, and that they had to transfer some rails to us to give us the proper amount.

Q. And that you had sold to the Illinois Steel Company?

A. No, that they would transfer the order from any railroad to us, to make for them.

Q. What does it mean when it says "We hope to get this at Association price Mill, and also to arrange a transfer from the Illinois Steel Company of 16,000 tons for the Illinois Central Railroad Company"?

A. The Illinois Central had ordered 16,000 tons evidently from the Illinois Steel Company, and they had to transfer some order to us to give us our percentage of rails, and they gave us that particular order. That is what that means.

Q. So that under that arrangement you sold in the territory of the Illinois Central Railroad Company?

A. Certainly.

Q. And that was a sale in the territory?

A. No, it was a sale of the Illinois Steel Company and they transferred the order to us.

Q. So that they let you sell in that territory?

MR. SEVERANCE: No, you do not understand.

THE WITNESS: You do not understand. The Illinois Steel Company made the sale.

By MR. DICKINSON:

Q. To the Illinois Central?

A. Yes.

Q. But you furnished the rails?

A. We made the rails.

Q. They let you send your rails into that territory?

A. Certainly.

Q. Notwithstanding the question of freight?

A. Certainly they did; we had to get an even tonnage of rails, and that is the way they did it.

MR. LINDABURY: Even if you had to pay the freight?

THE WITNESS: Certainly.

By MR. DICKINSON:

Q. As a matter of fact, the rails made by you did go to the Illinois Central?

A. Certainly.

Q. And that was not a railroad on which your company was situated?

A. Not at all.

Q. And you were selling to a railroad company outside of and beyond any railroad company there upon which you were situated?

A. Certainly.

Q. Now, state whether or not, in 1896, page 1033, the Illinois Steel Company and the Carnegie were competitors in the billet business.

A. In 1896 I think to a very limited extent.

Q. Well, to what extent?

A. It would be difficult for me to say. Billets were sold by these two companies, to be delivered to finishing mills, and I think they were competitors, but to a very limited extent, because they would sell to finishing mills in their district, while we would sell in ours.

Q. I will ask you if they were not competitors to such an extent that they felt it to their general interest to make an agreement with regard to billets.

A. Yes; the agreement would probably have been of no value if made with those two companies only, and it was made with all the steel companies.

Q. I am asking you about those two particularly.

A. They were a part of the general agreement. An agreement between two of them would be of no value.

Q. But they were in agreement with respect to billets?

A. Yes.

Q. And they were competitors with respect to billets?

A. I so understand it.

Q. I will read you from that meeting, at which you were present. Mr. Leishman says: "We have concluded, during the past week, with the Illinois Steel Company, negotiations which have been pending since December for a division of Rail business, and since April on the Billet business."

A. Yes.

Q. Now, you say that was part of a larger agreement?

A. They usually were; I don't recall.

Q. I know, but do you assert that, as a matter of fact?

A. I do not recall this special agreement to which you refer.

Q. Do you mean to say of your own knowledge that there were any other parties to that agreement?

A. I do not know about that.

MR. SEVERANCE: Read down to the end of the page. That is hardly fair to Mr. Schwab.

MR. DICKINSON: I will read that. I will not only read it, but I will read it right now, if it will be any satisfaction to you. I intended to do it; I have it marked.

By MR. DICKINSON:

Q. I will continue where I left off: "The rail orders are to be divided equally between the two companies."

A. That is right. That was my understanding.

Q. "Equally between the two companies". Would that mean anybody else then?

A. Well, that special deal with the Illinois Steel Company on rails was not the one you referred to on billets. You asked me about an agreement on billets, and I told you it was part of a general agreement.

Q. I will read on: "Rail orders are to be divided equally between the two companies during 1896 and 1897, on a Contract similar to those of 1894 and '95, excepting that the basis, instead of being $19.00 and $20.00, is $4.00 and $3.00 below the

average proceeds of the Rails shipped each month by both companies, with a penalty at the end of each year of $3.00 per ton on any excess of shipments over one-half.

"The billet allotment from the Bessemer Steel Association of the United States, together with such allotments to other manufacturers"—

A. That is the general agreement.

Q. (Continuing) "together with such allotments to other manufacturers as we have purchased, are to be divided equally between the two companies, during the years 1896 and 1897; with the provision, that should the Bessemer Steel Association cease to exist, the sales of Billets by the two Companies are to be divided equally during the balance of the two years."

MR. SEVERANCE: Read the next two lines.

By MR. DICKINSON:

Q. (Continuing) "This last is simply a working agreement, and does not cover any pooling of proceeds."

A. Yes.

Q. What does that mean, "working agreement"?

A. I must make the same answer to this as to the other, that while I have general knowledge I have no particular knowledge of this agreement, so I spoke only of a general knowledge I have of this situation. The Illinois Steel Company and the Carnegie Steel Company, regardless of the percentage or amount they had in the general pool, divided their business as a sub-agreement to the other understanding, so that if the Illinois Steel Company got 30 per cent and the Carnegie Company got 40 per cent, we agreed that each should take 35 per cent.

Q. And that applied to billets?

A. Evidently, but I do not know anything about that.

Q. Would that indicate that the proposition of the billets was very small, if the Carnegie was willing to divide with the Illinois?

A. Yes, it was small.

Q. It was very magnanimous on the part of the Carnegie to allow them an equal division.

A. That was always our policy.

Q. From the minutes of the meeting of July 7, 1896, at

which you are recorded as being present, pages 1034 and 1035. I will read you this, and ask for an explanation of something in it.

MR. LINDABURY: May my former objection to this testimony as irrelevant, particularly because it was before the organization of the defendant corporation, be considered as continuing?

MR. DICKINSON: Certainly.

MR. LINDABURY: And I think I will add the further objection that it is not cross examination.

MR. DICKINSON: Because I am not examining crossly.

MR. LINDABURY: That is a further part of it, and on the further ground that I did not examine him on these subjects on the direct.

By MR. DICKINSON:

Q. You were examined, Mr. Schwab, as to pools and their existence before the formation of the Corporation. Do you recall that there were pools?

A. Yes.

Q. Before the Corporation?

A. Yes.

Q. Now I am going into that with a little more particularity, and the reason this is relevant is, I will say to counsel, that I am going to bring this right down to the time of the formation of the Corporation, and that is why I consider it relevant.

"MR. LEISHMAN: I refrained from making any further remarks before the vote was taken as to the present situation in the Rail Makers' Association.

"The Indianapolis people demand what is equal to about $400,000.00 for two years, being $70,000.00 rental for two years, $150,000.00 per year for two years from May 1st as a payment for staying out of the rail business, and a concession on each ton of billets they purchase. The Rail Makers' Association, after considerable discussion, authorized me to accept the proposition if I thought it advisable. I met the Indianapolis people, and understanding from another source they are obligated to run the plant, asked to see their lease.

They did not refuse to show it to me, but made excuses, and I have not seen it yet. If we should make an agreement with them, and they should shut the works down, their lease might be cancelled, and our payment, which they ask in installments in advance, would have been made for nothing.

"MR. FRICK: It is a serious matter, but I would stop negotiations. It should not disturb the Rail Pool, as they can be handled better with the Rail Pool than otherwise.

"MR. LEISHMAN: If we do not close with them, they will probably go ahead and take 50,000 or 75,000 tons of rails, which we cannot spare in the present condition of the market, and will make a lower price, which the railroads will compel us to meet. We are paying out too much blood money, with the prospects of the amount increasing. It is costing nearly a million this year; maybe a million and a half next year; and two millions the next; so that I do not see how the Rail Makers' Association can be held together much longer."

Q. Who are the Indianapolis people?

A. I do not know anything about it; I had nothing to do with it.

Q. To what works did that refer?

A. I do not know to what works it did refer.

Q. Were there any other factories at Indianapolis making rails?

A. I do not think they ever did. They threatened to make rails.

Q. Were there any that had the capacity to make rails?

A. I doubt even that. There were times when people in the pool that did not make them threatened to make them. I think this is one of them.

Q. When they threatened to make them?

A. Yes.

Q. What does this mean, "We are paying out too much blood money?"

A. That is what that means; we were paying too many threateners.

Q. Therefore you were paying people to keep them from going into the rail business?

A. I do not know that they did.

Q. You did not hand it out?

A. No.

Q. But you were a director in the concern that talked about doing it?

A. Yes.

Q. And you think they did?

A. I do not know, to my own knowledge, but I think they did.

Q. Mr. Leishman was president?

A. Yes.

Q. And he was telling the truth, don't you think?

MR. LINDABURY: I object to Mr. Schwab's thought on the subject, the speculation is not quite evidential.

MR. DICKINSON: You are not going to object to thoughts, after all you got in.

MR. LINDABURY: I object to that as a mere matter of reasoning or speculation.

THE WITNESS: I don't know anything about it; that is the truth about it.

MR. LINDABURY: There are thoughts and thoughts, Judge.

By MR. DICKINSON:

Q. You do not of your own knowledge know then?

A. No. When you come to later days I will.

Q. In 1896 what concern known as Johnson was making rails or could make rails?

A. At Youngstown?

Q. No, it is called Johnson.

A. You will have to give me some better clue.

Q. I will ask you if there was not a concern at Johnstown operated by a man named Johnson.

A. I think there was a street railway rail-making mill there.

Q. Didn't they afterwards go into the Lorain Company?

A. Yes, but they did not make rails. They made what are called girder rails for street railways.

Q. Could they make rails?

A. I don't think so. They might have done so, but certainly not to advantage.

Q. I will ask you whether or not this calls it to your mind —page 1036—at a meeting at which you were present, Mr. Leishman says:

"The only thing that would increase business, and that probably would not be immediately, would be a break in the Rail Pool. That is the only place where we are suffering for tonnage. With a break in the price, I think Bethlehem, Cambria, Colorado and Johnson would make very few rails."

Do you recall now what Johnson he could have referred to there?

A. I can recall, of course, very well a mill there, but to the best of my knowledge I never heard of their making rails other than girder rails.

Q. You do not say that they were not capable of making it?

A. With the mill they had. Of course there are many people that could make rails, but not commercially. They had a mill for making girder rails.

Q. What do you suppose at that time Mr. Leishman could have meant by saying that Johnson would make very few rails?

A. I don't know.

Q. Was he a well informed man in the business?

A. Yes.

Q. He was president of that company?

A. Yes.

Q. How long had he been in the business?

A. For a great many years.

Q. Was he likely to know who were his competitors and those capable of making rails?

MR. LINDABURY: I object to this cross examination upon the credence to be given to Mr. Leishman's speech or letter, which ever it is. You can not prove that a man tells the truth by proving that he ought to know the truth.

By MR. DICKINSON:

Q. I will ask you whether Mr. Leishman was a man likely to tell the truth.

MR. LINDABURY: I object to that question as impertinent.

THE WITNESS: I should not like to testify to such things.

By MR. DICKINSON:

Q. You should not like to say? If it would embarrass you to answer the question, I will not ask it.

MR. LINDABURY: I object to these reflections, at least upon a man who is absent.

MR. DICKINSON: I have not made any.

MR. LINDABURY: The implication is there. I do not think it is seemly or proper.

By MR. DICKINSON:

Q. Mr. Schwab, state whether or not in 1896 the Carnegie Company, Limited, was doing an export business.

A. Not to any great extent. They did; they always exported some.

Q. I will ask whether or not at that time they sold rails in China.

A. I think it likely. I do not recall the special sale.

Q. And in Japan?

A. Yes; I think that likely.

Q. About that period, and at subsequent periods, where did they sell rails abroad?

A. When?

Q. Not when, but in what countries abroad did they sell rails?

A. They would be apt to sell them in almost any country excepting those in which the tariff prohibited their shipment.

Q. Would that apply to 1896?

A. Yes.

Q. To 1897?

A. Yes.

Q. To 1898?

A. Yes.

Q. To 1899?

A. Yes.

Q. To 1900?

A. To the years ever since the formation of the Carnegie Company.

Q. They were selling generally abroad?

A. Yes, but in small quantities.

Q. What other concerns in the United States were selling rails abroad during any of those years?

A. I can not speak of that from definite knowledge; I do not know. I do not know definitely of any concerns that were, but I think it likely that the Pennsylvania Steel Company was.

Q. How about the Cambria?

A. It is likely that the Cambria Company was.

Q. How about Lackawanna?

A. Lackawanna, I think, was not doing business then.

Q. Not at that time?

A. No.

Q. Do you know whether or not at that time your company had an agreement with the Illinois Company as to the price upon exported rails?

A. I don't know.

Q. Did you at any time prior to the formation?

A. I do not recall that we ever had any agreement about export rails.

Q. I will read this and see if it refreshes your memory: September 15, 1896, the Carnegie Company, Limited, a meeting at which you were present at page 1038:

"MR. PEACOCK: 'We have taken in the last week four new buildings, covering about 3,000 tons. Business is light. We are figuring now on Rails for China and Japan. Mr. Leishman had agreed with J. W. Gates on a price of £5. M. Gates does not want to keep this agreement, and says today we should quote £5-1-6. The price of £5 was positively agreed upon in New York, was given in writing to Back & Manson, and by them verbally to China and Japan."

What company was Mr. Gates president of at that time?

A. The Illinois Steel Company.

Q. Do you recall anything in regard to any agreement of that sort?

A. No, sir; I don't remember any agreement of that sort.

Q. I asked you about the Lackawanna Steel Company selling rails. I will ask you if the Lackawanna was not making rails in 1896, at the period I have just asked you about.

A. I do not remember the date, but I think that is likely.

Q. You have changed your mind as to that?

A. No; you did not mention the specific date, formerly. You were going back of that.

Q. I gave the date.

A. Then I made a mistake. I thought you referred to an earlier time.

Q. I will ask you if there was not a rail pool in December, 1896 between the Carnegie Company and the Illinois Steel Company and the Lackawanna, the Pennsylvania, and the Maryland, the Cambria and the Bethlehem Companies.

A. There was a rail pool most of the time; but when you refer to that special date, I can not fix that. But, as a general thing, there was a rail pool during all those years.

Q. At this particular meeting at which you are recorded as being present, I will read from page 1067 of Volume III of the Government Exhibits:

"MR. FRICK: 'I was present yesterday at the Meeting in New York of the Rail Makers. They came to an understanding among themselves, making some changes in the percentages of allotments, as follows:

	1897	Old
Carnegie and Illinois.....	53.5%	52.78%
Lackawanna	19.	15.74
Pennsylvania and Maryland.....	11.	15.74"

A. May I interrupt you a moment, Judge Dickinson?

Q. Yes.

A. The Lackawanna you referred to was the old Lackawanna Company. I was speaking of the new Lackawanna Company. I do not say that it was not my mistake, but I always had in mind about the two concerns.

Q. Did that grow out of this?

A. Yes, but the one was located in Pennsylvania, while the other is located up at Buffalo.

Q. But it moved over to Buffalo, did it not?

A. They built new works there.

Q. But the same corporation over there, did it not?

g generally

A. I can not tell about that. The same people were interested.

Q. The same people were interested?

A. Yes; but when you referred to the Lackawanna I had in mind the works at Buffalo.

Q. I will finish reading:

"Cambria	8.25	7.87
Bethlehem	8.25	7.87
	100.%	100.%

"Pennsylvania and Maryland Steel Companies are to receive in consideration of their reduced allotment $100,000.00, payable in quarterly installments."

Q. Who was to pay that $100,000?

A. The rest of the rail makers.

MR. LINDABURY: Judge, Mr. Schwab asked me to get him the date of his election as president of the Carnegie board of managers. Do you object to my doing so?

MR. DICKINSON: No.

MR. LINDABURY: I just got it from the record.

MR. COLTON: What is the date?

THE WITNESS: December 14, 1897.

(Whereupon an adjournment was taken until tomorrow, Tuesday, May 20, 1913, at 10:30 o'clock a. m.)

FIFTY-NINTH DAY.

EMPIRE BUILDING,
71 BROADWAY, NEW YORK CITY.

TUESDAY, MAY 20, 1913.

Before SPECIAL EXAMINER JOHN ARTHUR BROWN.

Present on behalf of the United States, MR. DICKINSON and MR. COLTON.

Present on behalf of the Defendants, MR. LINDABURY and MR. BOLLING.

CHARLES M. SCHWAB,

the witness under examination at the taking of the adjournment, resumed the stand.

CROSS EXAMINATION (Continued.)

By MR. DICKINSON:

Q. Mr. Schwab, you stated to me a moment ago that you desired to make a correction of an answer that you made yesterday to a question put you in cross examination.

A. Yes.

Q. You are at liberty to make that correction.

A. I testified yesterday that in a small way the Illinois Steel Company was a competitor of the Carnegie Steel Company in structural steel. While I have knowledge that they did roll light angles and channels, which might ordinarily be considered as structural steel, I find in having my attention called to it this morning that those sizes were under three inches, which is never classed as structural, but as merchant bars. Therefore, technically, my evidence was in error when I said that they were competitors in structural steel.

Q. Which one do you refer to?

A. The Illinois Steel Company.

Q. You say that they rolled under three inches?

A. They rolled three inches and under, in angles and channels; but that is not called structural steel.

Q. Are you speaking of the Illinois Steel Company or the Universal Construction Company?

A. The Illinois Steel Company.

Q. How about the Universal Construction Company?

A. I don't know anything about it.

Q. You are not speaking in regard to that company, then?

A. No, sir.

Q. You are not saying that they were not competitors?

A. Who were the Universal Construction Company?

Q. A subsidiary of the Illinois Company.

A. I do not know it by that name.

Q. I will ask you, Mr. Schwab, whether or not they could have developed into that business with the plant they had and the resources they had?

A. As I answered you yesterday, they might in a very small way, in the smaller sizes. They had no mill of sufficient size to make the large structural shapes.

Q. But what I am asking you is, could they not have put in those mills?

A. Certainly. Any one could have built those mills.

Q. So, while in that particular matter, according to your recollection they were not competitors, there was no reason why they did not possess all the potentiality of developing at any time into competitors in those lines?

A. Just as any other manufacturer could have done.

Q. When we quit yesterday, Mr. Schwab, I was talking to you about rail pools in 1896. On page 1067 of Volume III of the Government Exhibits, appear the Carnegie minutes of December 15, 1896, at which you were present, where Mr. Frick is reported as saying:

"I was present yesterday at the meeting in New York of the rail makers."

Who were the rail makers referred to there?

A. I do not know who he referred to there, but it is well known who the rail makers of the United States were at that time. Their names were read over yesterday.

Q. He goes on:

"They came to an understanding among themselves."

A. Yes.

Q. (Continuing reading) "making some changes in the percentages of allotments." What rail makers came to that understanding at that time?

A. I do not know to whom Mr. Frick referred there; but he probably referred to the other manufacturers of steel rails in the United States.

Q. That is, the Carnegie and the Illinois Steel Companies?

A. Not the Carnegie.

Q. He represented the Carnegie Company himself?

A. Yes; but he said the others.

Q. Did he refer to the Illinois Steel Company?

A. I cannot say——

MR. LINDABURY: I object to that, upon the ground that the witness cannot know what was passing in the mind of the speaker.

MR. DICKINSON: The witness was at that meeting.

MR. LINDABURY: That may be.

By MR. DICKINSON:

Q. I am asking if you do know. I am not saying that you do.

A. I could not speak with definiteness upon what was in his mind about that, at this time. I do not recall. If he mentioned it at the meeting, I do not recall it now.

Q. It appears in the same volume at page 1068, at a meeting of December 22, 1896, at which you are recorded as being present, that Mr. Leishman stated:

"The Illinois Steel Company and ourselves have agreed with the Cambria Iron Company to make a tripartite agreement on exactly the same lines as the present agreement between this Association and the Illinois Steel Company. This is to be in effect for 1897, and is on the basis of

26.75% for this Association;

26.75% for the Illinois Steel Co.; and

8.25% for the Cambria Iron Company."

Please state whether or not you know of such an agreement having been entered into at or about that time between those companies?

MR. LINDABURY: I call your attention to what follows, which it seems to me you ought to incorporate, for the benefit of the witness, in your question, should you not, Judge?

MR. DICKINSON: If you think it will throw any light on the matter.

MR. LINDABURY: I think it does.

MR. DICKINSON: Where is that?

MR. LINDABURY: The last two lines of the page.

MR. DICKINSON: I will read that. I did not regard it as material, but if counsel thinks it would put the matter before you in a fairer light, I am desirous of doing it.

THE WITNESS: Thank you.

By MR. DICKINSON:

Q. (Reading):

"Agreements have been prepared by us and are being considered by the other two companies."

My question is whether at about that time there was a tripartite agreement entered into between the Carnegie Company, the Illinois Steel Company and the Cambria Iron Company by which they divided on a basis of percentage?

A. I have no definite recollection of that specific agreement. I think it likely, because we did have agreements of that kind.

Q. About that time?

A. Yes; but I cannot say specifically that this agreement was consummated.

Q. Did you have an agreement that included the Carnegie, the Illinois and the Cambria Steel Companies?

A. My recollection is that we did.

Q. State whether or not in 1897 the Illinois Company was selling rails in the foreign trade.

A. I do not know; I have no recollection of it.

Q. Well, I ask you whether or not this refreshes your recollection, and then ask you to state. At a meeting of the Carnegie Company, Limited, January 12, 1897, you being recorded as being in Washington at that time, the following appears at page 1070:

"MR. LEISHMAN: We were notified yesterday by the Illinois Steel Company of their willingness to take from under

our agreement of last June all foreign rails. This we have been trying to accomplish for some time, but Mr. Gates would not consent. We have not agreed on some of the details but I think it will take effect from today, and apply on sales hereafter. This will leave the two companies working independently as to Canadian rails, as well as those for shipment abroad."

I ask you now if that refreshes your memory as to that date, and to state whether or not you know the Illinois Steel Company was engaged at that time in selling rails abroad.

A. I really do not know. I would like to say, in explanation of my apparent lack of memory, that that was not part of my business at that time.

Q. You just do not remember?

A. I do not.

Mr. Lindabury: I would like to enter an objection to that question, because the minutes read to the witness seem to have been entered at a meeting at which the witness is reported as having been absent, so his memory could not be legitimately refreshed by a reading of the minutes.

Mr. Dickinson: Well, he says he does not recall, so I have not refreshed him.

Mr. Lindabury: My criticism, or rather objection, is upon the attempt to refresh the memory of the witness by some entry that he had nothing to do with.

By Mr. Dickinson:

Q. When did that rail pool that we have been talking about, that existed during 1896 and up into 1897, break, if you know?

A. There were frequent breaks and frequent rearrangements. It would be impossible for me to state any definite pool's beginning or ending.

Q. When those breaks occurred did you not, Mr. Schwab, then sell in the territory of those companies that had been in the pool with you?

A. We did if we could.

Q. Did you lower your prices to get business?

A. Yes.

Q. And got the business?

A. Sometimes.

Q. In their territory?

A. Sometimes.

Q. I will attempt to refresh your recollection by referring to a meeting at which you are recorded as being present, on February 23rd, 1897, which appears upon page 1074 of the same volume. Mr. Frick says:

"In this connection, I think it well that the Board should know the exact situation so far as our sales of rails to date is concerned:

"By statement furnished me in detail, at my request, by Sales Department, and which I have had figured up by Mr. Moreland, I see the total sales of rails prior to February 10th, was 30,059 tons. Average price we are to receive for these at works is $18.46. Sold since February 10th, 592,405 tons. Average price to receive at works, $16.17; making a total of 622,464 tons sold. Average price to receive, $16.28.

"Mr. Moreland has used the best rates of freight he knows of, where there is delivered price; for instance, $2.40 to Chicago; $1.60 to Cincinnati; $1.15 to Cleveland. It is thought that much better rates can be secured. Of course, anything better secured will raise the average price to be received for the rails."

What competitor did you meet in Chicago territory?

A. The Illinois Steel Company.

Q. And in Cincinnati territory?

A. I think the same.

Q. And in Cleveland?

A. There we would meet the Lackawanna.

Q. Did you meet the Illinois Steel Company in that territory during that period of the break in this pool, notwithstanding the fact that the rates were against you?

A. We had to meet them. We named the prices there mentioned, approximately.

Q. Yesterday I asked you about Johnson, and there seemed to be some doubt as to your recollection in regard to that.

I would like to read to you from a minute of the Carnegie Company, Limited, October 5, 1897, page 1093, in which you are recorded as saying:

"I think some of the mills will sell at less than that."

That referred to being the $20, just mentioned above.

"Johnson, for instance, will take rails at $19. The Colorado Fuel & Iron Company has placed extensive orders for machinery for the purpose of increasing their capacity in rails."

Do you recall anything about Johnson now and who he was?

A. I want to say, as I said yesterday, that my recollection does not carry me at this time to Johnson's ever making anything but girder rails, and to this time I have no recollection of their making anything but girder rails.

Q. Do you think that refers to girder rails?

A. I am sure that they never were well equipped to make in a merchant way the ordinary rails; whether they might have made a few rails at that time, ordinary rails, for the purpose of getting a participation in a pool, or payment for participation in a pool, that is quite likely; but, be assured of the fact that the Johnson works had no rail mill built for the purpose of making rails, the ordinary railway rails. Their business was street rails.

Q. If they did have the capacity——

A. Or the equipment.

Q. (Continuing). If they did have the capacity to make rails, and such capacity as to be recognized in a pool, was not that a recognition that they were competitors and had to be dealt with to that extent?

A. Well, in the formation of these pools at that time it was desirable that there should not be any change from the price fixed by the pool, even though it were in a few rails.

Q. But you did not make these arrangements with people who did not make rails?

A. There were many people in the United States with an inferior equipment who could have rolled a few rails, but not commercially. They could not do it as a matter of business, but they could have rolled a few rails and endeavored to establish a percentage or payment for those. That was quite a common practice.

Q. Do you mean to say affirmatively that you knew that

Johnson at that time could not have rolled steel rails in competition with you?

A. When you say steel rails in a merchant way, I do not believe that they were equipped to do it.

Q. What do you mean by a merchant way?

A. I mean by that, that there were 50 or 150 mills in the United States that could have rolled a rail, but they could not sell it commercially. That is, at a profit, or expeditiously.

MR. LINDABURY: Do you base your statement that the Johnson concern was in a pool on anything other than what you have read from the minutes, in the middle of page 1093?

MR. DICKINSON: I think I want to question him about rails. My former inquiry was about rails, and he did not remember, and I read this to him to see if it refreshes his recollection.

THE WITNESS: No, it does not.

MR. LINDABURY: You incorporate in the question to the witness a statement that the Johnson concern was in a rail pool. That I think is not indicated on this page, and I was wondering whether you had in mind anything else.

MR. COLTON: I think Mr. Schwab in his answer first assumed that they were.

THE WITNESS: Pardon me. I could not believe that Johnson could have made any rails. That is my best recollection of it.

MR. LINDABURY: I may be in error, but I do not recall any reference that shows that they were in a pool.

By MR. DICKINSON:

Q. I will read this in that connection:

"MR. PEACOCK: 'We should consider the rail situation, with a view to determining what we will do for next year. I do not mean to jump into the market, but we get some inquiries which we must answer or lose business.'

"MR. FRICK: 'Mr. Gates claims the Illinois Steel Company has sold 45,000 tons of rails at $21.00, and said further they would not sell for less.'

"MR. PEACOCK: 'They quoted $20.50 to Hagerman, of the Pecos Valley Railway, and are helping him to arrange a loan.'

"'We have rail orders on our books sufficient to run the Edgar Thomson Works full to July 1, 1898.'

"MR. FRICK: 'That being the case, we should not sell rails at less than $20.00.'"

What kind of rails did all that refer to?

A. Standard Bessemer rails.

Q. And nothing else?

A. No.

Q. You follow with this statement:

"MR. SCHWAB: 'I think some of the mills will sell at less than that. Johnson, for instance, will take rails at $19.00. The Colorado Fuel & Iron Company has placed extensive orders for machinery for the purpose of increasing their capacity in rails.'"

A. Yes.

Q. I will ask you, Mr. Schwab, if it is probable that you would have made that statement, even though you do not remember now, without believing at that time that Johnson was in a position to make steel rails?

A. Well, I do not know what the motive for that statement was, but I must reiterate what I said before, I do not believe that the Johnson company were in a commercial position to make rails, and I would be very glad to go back and collect the information for you definitely, to see what rails they have made. Somebody may know something about that; I do not know.

Q. Where was the Pecos Valley?

A. I do not know; that was some railroad, but I do not know its location.

Q. Was it in Texas?

A. Somewhere in the Southwest, I think.

Q. Did your company sell in Texas?

A. Oh, yes; I think we did.

Q. During that time?

A. I cannot recall any specific instance, but we sold in Texas undoubtedly. We shipped the rails down the river.

Q. During that period?

A. I will not say that.

Q. About that period?

A. It is likely that we did. I have not in mind any specific example of what we did, but I think it is likely that we did.

Q. Some question has arisen as to whether or not the Carnegie Company was a manufacturer of girder rails. State whether or not in 1898, or at any time between that and the formation of the United States Steel Corporation the Carnegie Company did have a plant at which it could manufacture girder rails?

A. We rolled a few girder rails about that period on our structural mills; a few.

Q. Did you limit your output of girder rails? If so, for what reason?

A. I do not think during the period when we made those girder rails we had any understanding with anybody about girder rails. I think that was probably the reason they were rolled, to get an understanding.

Q. It showed you could do it?

A. Yes; but not at a profit.

Q. But you could have enlarged your machinery and done it?

A. If we had built a new mill, we could.

Q. You could have done that?

A. Yes.

Q. Was there any reason why you could not have built a new mill?

A. There is no reason unless it should have been a financial one; and whether we could not have gone into other lines with the capital then available to better advantage. That is the only reason. From an engineering and a practical point of view there would have been no reason why we could not have done so.

Q. Was the Carnegie Company a financially strong concern?

A. Sometimes.

Q. Was there any reason why, from a financial point of view, you could not have done it if you had so desired?

A. At that time I could not say; but I do know that there were times when we needed money so badly that I had to stop the construction then on hand.

Q. At what time are you speaking of?

A. I cannot recall specific dates, but usually we built pretty rapidly, as fast as our money would allow; and when stringencies in the money market came I had often to stop those improvements.

Q. That was only temporary?

A. Yes; that was temporary.

Q. Could you not get all the money you wanted from time to time?

A. I did not have to do with that part of it at that time.

Q. As a matter of fact, did not they constanly, in whatever lines they chose, extend their business?

A. I do know that the president and financial managers of the Carnegie Company at that time were constantly impressing me with the difficulty of obtaining money for extensions.

Q. But you were extending, were you not?

A. As far as we could get the money.

Q. And enlarging your works?

A. Always; that has been their history.

Q. On this question of girder rails, I will read you from the Carnegie minutes, January 18, 1898, at a meeting at which you are recorded as not being present, page 1102:

"MR. PEACOCK: 'In discussing the Girder Rail situation with several of our people, fear has been expressed that we would not be able to take care of that business this year, and that it would pay us to defer making rails until next year; especially considering the number of orders for other products we are getting. I have taken up the matter with the other Girder Rail Makers, with a view to staying out of the market for a consideration, and expect to have the matter closed within a few days on terms very favorable to us.

" 'There seems to be considerable inquiry for 'T' rails, but we have no definite orders to report to-day.' "

Then, at the bottom of the page, Mr. Morrison, in reply to the chairman, says:

"The Girder Rail Mill is too large a Mill to make 'T' rails to advantage."

Then, upon page 1110, at a meeting of March 29, 1898, at

which you are recorded as being present, Mr. Schwab is reported as saying:

"MR. SCHWAB: 'We are badly in need of additional capacity for building columns. It has been suggested that we buy certain of the tools that will be ultimately needed for our Fitting Shop, and place them in the building we would have used in making Girder Rails. As the Board is aware, we arranged with the other Girder Rail Makers that we would not make any Girder Rails this year. The lowest cost we have had on Columns is $16.00 per ton. The lowest price we are quoted by other Makers is 1c. per pound, while Mr. Corey figures that with this suggested arrangement at Homestead the cost will only be about ½c. per pound. Aside from this, it will be a great convenience to do the work ourselves. The tools needed would cost about $24,000.00. I would not favor doing this as I did not feel confident that this year's arrangement can be renewed for next year, and that we will not make Girder Rails in '99. When we do decide to make them, the cost of removing the tools will be comparatively small.'"

Did the Carnegie Company stay out of the business of making girder rails during any part of the year 1897 or 1898, and was it paid a consideration therefor, and who paid it?

A. I can not tell you what the consideration was, or who paid it, or, definitely, whether it was made; but it is my best recollection that it was made and that we did stay out.

Q. For a consideration?

A. Yes, sir.

Q. And that you could have made rails if you had so desired?

A. I will not say that. I do not think we could.

Q. Who was Mr. Morrison?

A. He was one of our directors, and the manager of one of our mills.

Q. What did Mr. Morrison mean when he said:

"The girder mill is too large a mill to make 'T' rails to advantage?"

A. Just the same as it is the wrong sort of rolls to make girder rails to advantage. It was built to make big structural beams, from 15 to 24 inches in height, while a girder

rail was six or seven inches, and a 'T' rail five inches. The mill was too big for either of those products.

Q. To make girder rails you would have had to change the rolls?

A. No, you would have had to change the whole layout. You would have had to put in a cogging mill, for the purpose of breaking down the ingot, and a shaping mill and a smaller mill for this purpose.

Q. But you did make some?

A. Yes.

Q. And you stayed out of making them for a consideration paid by your competitors?

A. Evidently.

Q. Who were the girder rail manufacturers at that time?

A. My best recollection is that they were the Pennsylvania Steel Company at Harrisburg, and the Lorain—I think it was called the Lorain Steel Company—at Lorain.

MR. GARY: And Wharton?

THE WITNESS: No; Wharton only manufactured them into frogs and switches, but I think those were the two people; I do not recall any others.

By MR. DICKINSON:

Q. The Lorain Company became a part of the Federal?

A. I believe it did.

Q. Referring to this agreement to stay out of the making of girder rails, I will read to you from the minutes of January 25, 1898, page 1104, at which you are recorded as not being present:

"MR. PEACOCK: 'We have closed up the girder rail matter, of which I spoke last week, receiving $100,000.00 in consideration of which we are to defer, for one year from January 1st, the making of girder rails. Out of this we will have to pay Wharton $7,500.00 for the cancellation of our contract to sell all our 1898 product through him. This leaves us in as good shape to begin making girder rails next year as we are now.' "

Who was Mr. Wharton?

A. Mr. Wharton was a consumer of girder rails, who manufactured them into frogs and switches for street railways.

Q. Was he selling your girder rails for you?

A. No, I think he had a contract to buy them himself; or perhaps he was appointed agent to sell. I could not tell which. It might have been either one.

Q. It says: "Out of this we will have to pay Wharton $7,500 for the cancellation of our contract to sell all our 1898 product to him."

A. Yes; then he was probably appointed our agent to sell our girder rails.

Q. Then you had gone so far that you had made a contract to pay $7,500 to an agent to sell your girder rails for that year, had you?

A. Yes; evidently. We had to put up a good front to carry the thing through.

Q. And you got $100,000 for it?

A. Yes; it was worth it.

Q. Let us see how you went about putting up a good front. Mr. Frick says, on that same page:

"It seems to me the arrangement is a very good one, especially as that mill will have all it can do anyway. Our expenditures so far in fitting up the 33 inch mill for making girder rails amounts to $61,000. We get this back and have a profit of over $30,000."

A. That is right.

Q. So you had spent, then, $61,000 to prepare yourselves to make girder rails?

A. Yes.

Q. And you refrained from doing it, receiving therefor $100,000 for one year?

A. Yes. I might explain that sixty thousand dollars would be for rolls; not for change of equipment.

Q. It was $61,000, though?

A. Yes; it was $61,000.

Q. The Carnegie Company sold sheet bars?

A. We did.

Q. Did you in 1897, sell sheet bars in the territory of the Illinois Steel Company?

A. I cannot recall specific instances.

Q. Were you in a position to do it?

A. We could have done it.

Q. Without recalling specific instances, unless restrained by pools, were you not in a position to sell sheet bars at that time in that territory?

A. As a general thing our sheet bars were sold at Pittsburgh, from Youngstown to Pittsburgh, in those mills located with Pittsburgh as a center, but not as a rule in the West, or in the far east.

Q. But you did take that business at times?

A. Yes; we tried to take it.

Q. This minute here says, under date of February 15, 1898, at a meeting at which you are recorded as not being present, page 1106:

"Specifications are slow in the present condition of the market, and we must run the Mills; therefore while we are stirring up our customers for specifications, we are also hunting new business.

"We have made a sale of Sheet Bars in the Illinois Steel Company's territory, at $16.00 our Works, 4,000 tons; one-half to be delivered before July 1st and one-half after that date."

What would you say about the amount of 4,000 tons. Would that be a considerable sale?

A. No; that was a very small sale.

Q. But, in the territory of a competitor, it might make them sit up and take notice?

A. Yes; that is right. It was something for us to cheer about.

Q. And something for them to wince about?

A. Exactly, yes.

Q. I believe you said, Mr. Schwab, that you did not form a foreign pool in rails, and your recollection was that you did not get a chance?

A. That is right.

Q. Otherwise you would?

A. I would.

Q. Let me see if you care to revise that statement upon having your recollection refreshed. I will read you the minutes of the Carnegie Steel Company, Limited, March 1, 1898, page 1107:

"MR. SCHWAB: The English Rail makers have had a meet-

ing and have decided to offer the American Manufacturers an allotment of 100,000 tons of Rails, including Canada, if we will keep out of the foreign market. I told them that allotment was entirely too small, and that we would not consider such an offer. They will probably have another meeting, and we may hear from them later."

It appears from that that you did have on opportunity, did you not?

A. Not one that I considered satisfactory.

Q. But you did have an opportunity?

A. Oh, yes, but——

Q. The trouble about it was that you did not get enough out of it.

A. That is right.

Q. So that, when you said you did not have a chance to go in, you meant a satisfactory one?

A. Yes. I do not class that as a rail pool.

Q. What would you class that as?

A. That only refers to England. There are a good many countries that make rails that it would be necessary to get into a rail pool, if it was made with foreign countries. There is Germany, there is Austria, there is France, there is Russia —all those countries make rails.

Q. The English offer, then, did not embrace enough competitors to be attractive to you?

A. No.

Q. And the tonnage of 100,000 was not sufficient for you?

A. Evidently not.

Q. You were after something big?

A. Right.

Q. You said they would probably have another meeting: "We may hear from them later." Did they have another meeting?

A. I do not recall. There were so many of those things, Judge, that I cannot remember.

Q. It was going on all the time, was it not? And after a while it stopped, did it not?

A. Yes; it did.

Q. After the Steel Corporation was formed?

A. It started to stop after that.

Q. Do you recall whether or not in 1898 the Carnegie Company——

A. What date is that, Judge?

Q. October 4, 1898.

A. Thank you.

Q. Do you recall whether or not the Carnegie Company entered into an arrangement with the Federal Steel Company, including the Lorain, to divide this business?

A. I do not recall that special agreement.

Q. If not this special one, I will ask whether or not you did enter into an agreement with the Federal about that time which included the Lorain?

A. I think it likely, but I cannot say definitely. I do not know.

MR. LINDABURY: To what page are you referring, Judge?

MR. DICKINSON: I beg your pardon. I am referring to page 1142, though I had not read from it.

By MR. DICKINSON:

Q. You think it likely that you did?

A. I think it likely, but I do not know. I do not recall.

Q. At that time was the Lorain Company making rails?

A. No.

Q. Or could make them?

A. They were making girder rails, to the best of my knowledge. I do not know that they had made rails.

Q. Did they not have a large rail mill at Cleveland, or near Cleveland?

A. They had a girder mill, but I do not recall that they had a rail mill.

Q. Was it not just built about that time?

A. A girder mill.

Q. Do you say that they could not make the standard rail?

A. It was not a mill for that purpose. That is my recollection.

Q. That is your recollection?

A. Yes.

Q. Now, Mr. Schwab, tell us what you know about the Empire Rail Company; what its object was, who participated

in the proposed formation of it, and generally what you know about it?

A. The Empire Rail Company was the company that I think we all formed with a view of selling the rails. I am only trying to recall the name.

Q. It has been some time since you thought about it, probably, so I will read——

A. Thank you very much.

Q. This is November 14, 1898, at a meeting given on page 1156:

"Mr. Schwab: 'Pursuant to the action of the board in leaving in my hands the preliminary negotiations leading up to the formation of an Association for the proper controlling and regulating the steel rail business, I have had several interviews with the presidents of the other companies making rails, and have had Mr. Moreland and Judge Reed in New York drawing up the formal papers. These are now submitted, as follows:

Charter of Empire Rail Company.

Agreement between Carnegie and Empire.

Associated Companies with Lorain.

By-Laws and Organization of Empire.'"

Q. Does that bring back to you who were engaged in that enterprise?

A. I think practically all the rail makers in the United States.

Q. You say that you had had several interviews with presidents. State with what presidents you had had interviews.

A. I do not know whether I can recall them all.

Q. State all that you can recall.

A. There was Walter Scranton, president of the Lackawanna, and Mr. Felton, president of the Pennsylvania, and the president of the Maryland Steel Company, and Mr. Osgood, of the Colorado Fuel & Iron Company, and Mr. Gates, president of the Federal Steel Company then, or the Illinois Steel Company—what was the exact date? I do not know whether it was Federal or Illinois at that time.

Q. November 14, 1898.

A. November 14, 1898, yes. Let me see, what other companies were on that? Mr. Stackhouse, the president of the Cambria Company. I think that is all.

Q. Did you have it with the then president of the Federal Steel Company, whoever he was?

A. That is my recollection.

Q. On page 1158 it sets out the following companies: The Carnegie Steel Company, Limited——

A. Yes, I represented that.

Q. The Federal Steel Company, the Lackawanna Iron & Steel Company, the Cambria Iron Company, the Pennsylvania Steel Company, the Colorado Fuel & Iron Company and the Maryland Steel Company.

A. I named all those.

Q. You interviewed the presidents of all those companies?

A. We had a meeting.

Q. You said several meetings.

A. We probably had several meetings.

Q. State what that Empire Rail Company was formed for?

A. My recollection is that the Empire was proposed to be formed by these various companies for the purpose of selling their rails, that all the rail products of these various companies were to be sold to the Empire Company and they in turn were to sell them for us. They were a selling company. That was what was proposed.

Q. As a company representing all the rail competitors?

A. Exactly so.

Q. Regardless of territory?

A. This company was to distribute rails to the best advantage, to save freight, and so forth.

Q. And for all of them?

A. For all of them. I think I must go on and say that that company——

Q. I was going to ask you; I was not going to leave it in that way—did that go through or was it dropped?

A. It was dropped.

Q. Didn't Mr. Carnegie cause it to be dropped?

A. He did.

Q. And did he give, as one reason for it, that he had had

interviews with the representatives of the Federal Steel Company, and he proposed to make another arrangement?

A. That was not the reason he gave me.

Q. Did he make any other arrangement?

A. I know nothing about that. I know of no other arrangement. I do not recall, at least, any other arrangement.

Q. I will ask you whether or not this statement on page 1157, which is a part of your statement, correctly sets forth the facts as you understood them at that time.

"MM. Andrew Carnegie and Henry Phipps, Jr., together with a minority of the board, were of the opinion that the objectionable features in the plan proposed more than counterbalanced the probably financial gain, the items especially disapproved being:

"The Organization, under the laws of New Jersey, of a Corporation which would conduct all the buying and selling of Rails during five years. The By-Laws of this Corporation being recorded in New Jersey, they would be open to the public. It would be a 'Trust,' and, as such would be attacked under the various State laws prohibiting Trusts and discussed by the news—and trade papers. Much odium would attach to the members of this Corporation, and, if the price of Rails were advanced, the almost universal enmity of the Railroads, purchasers of Rails, would be incurred.

"The placing of the Stock in a Voting Trust, to hold for five years, under which each Shareholding Company, regardless of the amount of Stock held by it, would be entitled to but one vote, or one Director, in the Empire Rail Company; the Shares of Stock of $100.00 each being allotted as follows:

The Carnegie Steel Company, Limited..	2950	Shares;
The Federal Steel Company.....	2950	"
The Lackawanna Iron & Steel Company.	1400	"
The Cambria Iron Company.....	1100	"
Pennsylvania Steel Company.....	900	"
The Colorado Fuel & Iron Company....	600	"
The Maryland Steel Company.....	100	"
Total	10000	Shares.

Thus giving to the Cambria, Pennsylvania, Maryland and Colorado Companies, respectively, an equal voice in the government of the Empire Rail Company with each of the two largest Stockholders, and enabling 27% of the Stock to form a majority in the Board, and overrule 73%.

"The payment to the Maryland Steel Company of $200,000.00 per annum for five years, to the Pennsylvania Steel Company of $50,000.00 per annum during five years, and to a President of $50,000 per annum.

"The Agreement by The Carnegie Steel Company, Limited, that during five years it will not make any Girder Rails, and that it will not, during five years, make for, or sell to, any customer other than the Empire Rail Company Steel Rails weighing 50 lbs. per yard or upward, for use on the North American Continent, restricting its production of Rails, other than for export, to the 29-1/2% of the total sales of Rails for use in North America to be allotted by the Empire Rail Company.

"To which it was replied that the anti-trust agitation would be but temporary; that Railroad Presidents were willing to pay a somewhat higher price for rails if they could feel that all purchasers were on the same footing, all paying the same price; and that the other provisions as to allotments, representation, etc., were insisted upon by the smaller Mills, and although not entirely satisfactory, were small concessions made to receive much greater advantages."

Q. State whether that sets forth the truth of that?

A. That is substantially my understanding of it.

Q. Had the papers been signed up?

A. No.

Q. I will ask you if they had not really been signed up.

A. They had been agreed to, but I do not recall that they had been signed.

MR. LINDABURY: I think you ought to complete what you are reading, by incorporating the resolution, had you not?

MR. DICKINSON: I will if you desire. I will read anything you want. I do not want to get any one-sided evidence of anything in here.

By Mr. Dickinson:

Q. I will continue the reading, at Mr. Lindabury's suggestion, on page 1159:

"The discussion having closed, the following Resolution, offered by Mr. Carnegie, was, on motion (Curry and Wightman), adopted; the vote being unanimous and all present concurring:

"'In view of the fact that the Senior Partners in The Carnegie Steel Company, Limited, representing two-thirds of its Stock, are of the opinion that it is not for the best interests of the Association that it should take part in the proposed Empire Rail Company organization; Now, therefore, be it

"'Resolved: That the Board of Managers declines to go forward with the negotiations or to further consider the matter, on its present basis.'"

Now, pursuing the same subject, and reading from the minutes of November 15, 1898, as they appear upon 1161, at which you are recorded as being present, the following appears:

"Mr. Carnegie: 'Since our Meeting yesterday, I have given the Rail question and the proposed 'Empire' organization much thought, and am now more than ever convinced that our decision was right. We should have nothing to do with a formal trust of that kind.

"'Our President thinks, however, he is so far committed to the project that he cannot honorably withdraw.'"

Q. Who was president then?

A. I think I was president at that period.

Q. (Continuing reading:) "I do not take that view of the matter, and think the other Presidents do not so regard our or their position, especially as each paper submitted bears the endorsement, signed by each representative:

"'The above form is approved, subject to the action of the several Boards of Directors, thereon. I am sorry that in my discussion with the President of various details as they came up during the preliminary negotiations, my not having condemned the project, and the fact that I suggested some changes should have led MM. Schwab and Frick to think

that I favored it. I did look upon it with some favor as presented in parts, but when it was submitted as a whole in formal shape, I soon formed the opinion I expressed yesterday. I respect Mr. Schwab's feeling in this matter, however, and think it is therefore due to him and to Mr. Frick that I should personally explain to Mr. Porter, of the Federal Steel Company, our apparent change of views, giving him my reasons for opposing the plan—reasons also equally forcible to him and to his Company—and saying, further, that we believe an alliance can be effected between The Carnegie Steel Company, Limited, and the Federal Steel Company, mutually advantageous, much more so than the Empire organization. This I will do tomorrow in New York.' "

"Some discussion followed as to the probable price of Rails for next year, and there being no further business, the Meeting, on motion, adjourned."

Doesn't it appear that the representatives of those companies had actually signed?

A. What I think we initialed, probably, was an agreement as to the relative percentages, and I think that was all. I know very well that the morning after, or a day or so after this, the presidents of these companies were to meet in Jersey City and sign the papers, and all did go to Jersey City to sign papers. I went there and expressed regret at being obliged to withdraw, so that I know the formal papers for the completion of the company had not been concluded.

Q. They had agreed to it?

A. We had agreed to it.

Q. And they had initialed it?

A. I will not say that. If there were any papers initialed, it was in regard to percentages.

Q. But they were there for the purpose of signing it?

A. Yes.

Q. The only thing that prevented it was the attitude of your company?

A. So far as I know; I withdrew.

Q. The arrangement they were going into was substantially as has been set forth in this paper?

A. It was.

Q. He speaks here of an alliance, on page 1163, the minutes of the meeting of November 22, 1898:

"MR. SCHWAB: The arrangement suggested by Mr. Carnegie between the Federal Steel Company and ourselves has been made, and is now in working shape, excepting as to a few details in regard to selling. These Mr. Peacock will take up tomorrow. The Cambria Iron Company and the Colorado Fuel & Iron Company—these being factors in the West—will work with us."

What was the arrangement that was made between your company and the Federal Steel?

A. I know of no other arrangement ever made, other than the absolute division of the business. That is the only arrangement I ever knew, and the Colorado Fuel & Iron Company and the Cambria, both being western rail mills, were at times made a part of that agreement.

Q. What was the effect of that?

A. The effect of that was that we would divide the business and maintain the price; quote the same price and sell at the same price.

Q. What territory did that cover, with reference to steel rails? Practically everywhere in the United States?

A. We did not sell rails in the East as a rule.

Q. Except in foreign markets?

A. Except in foreign markets, yes.

MR. LINDABURY: Would you mind right here asking the witness where the Cambria Rail mill was located?

By MR. DICKINSON:

Q. Yes; where was it located?

A. Johnstown, Pennsylvania.

Q. In 1898, or the period preceding or following that, state whether the Carnegie Company was making and selling sheet bars?

A. They were.

Q. In what territory?

A. I think wherever we could sell them, but mostly in Pittsburgh territory.

Q. You did sell outside of that territory?

A. I think occasionally we did.

Q. What do you call Pittsburgh territory, in that sense?

A. I should say from Pittsburgh as far west as Shenango Valley, Youngstown, and all through there; and then immediately about Pittsburgh—New Castle.

Q. How about Indiana?

A. We might at times have gone to the tin plate companies in Indiana, but not to any great extent—that is my recollection.

Q. You went there when you wanted business?

A. We went there when we wanted the business; at a profitable price, we would go there. We would go anywhere to get profitable business.

Q. What is the difference between tin plate bars and sheet bars?

A. There is practically no difference in the bar itself. They are used for different purposes. Sheet bars are usually for rolling sheets that are not tinned.

Q. But they are practically the same commodity?

A. Yes; the steel sheets can be tinned, and the steel bars for sheets are rolled to heavier gauges at times. They are practically the same product in the unfinished state.

Q. Do you know about what sheet bars the Carnegie Company sold in the years around that period in foreign trade?

A. There were some years we sold a good deal, other years not much.

Q. What do you call not much or a good deal, because those things are relative?

A. Yes; I do not suppose we would average 50,000 tons a year for the foreign trade, average.

Q. How about the domestic?

A. We would sell more than that; I suppose we would sell forty or fifty thousand tons a month, or forty thousand tons a month.

Q. Was that a substantial amount?

A. Yes, it was.

Q. And at that time in the foreign business, the way export business was done by your people, was 40,000 tons a substantial amount?

A. That was a good order.

Q. I do not mean in one single order, but I mean to sell that much in foreign business at that time?

A. In a year?

Q. Yes.

A. I do not so understand it. I would not regard it as a particularly large business in unfinished products.

Q. It was an appreciable business?

A. It was worth while, of course.

Q. It was worth while to you and worth while to your competitors?

A. Oh, yes, of course.

Q. Now, I will read you, for the purpose of asking in regard to the arrangement herein referred to, from the minutes of January 3rd, 1899, at which you are recorded as being in New York. I will read a passage from a letter from Mr. Carnegie, appearing on page 1180.

"The wisest articles I read are those of the Iron Trades Review of Cleveland. Would you kindly read to the Board the part blue penciled enclosed.

"The feature pointed out is not singular, it pervades all Trusts or Combinations of any and every kind.

"In the case of this Tin Plate Company as in the case of the American Wire Company, if our President steps forward at the right time and in the right way, informs these people that we do not propose to be injured, on the contrary, we expect to reap great gains from it, that we will observe an "armed neutrality" as long as it is made to our interest to do so, but that we require this arrangement;—then specify what is advantageous for us, very advantageous, more advantageous than existed before the combination, and he will get it. If they decline to give us what we want, then there must be no bluff. We must accept the situation and prove that if it is fight they want, here we are "always ready." Here is a historic situation for the Managers to study—Richelieu's advice;—"First, all means to conciliate: failing that, all means to crush." Shakespeare has it:—"First in your right hand carry gentle peace"; but after Peace is gone the worst policy in the world is "gentle war."

"We should look with favor upon every combination of every kind upon the part of our competitors; the bigger they

grow the more vulnerable they become. It is with Firms as with Nations, 'Scattered possessions' are not in it with a solid, compact, concentrated force.

"It was Operating Department Minutes I had in mind—today, for instance, they reach me—last Saturday's just in second mail today."

Q. Who was the president then?

A. What is the date of that?

MR. LINDABURY: I object to that as irrelevant, except from a philosophical and literary point of view.

MR. COLTON: Mr. Carnegie's opinion would be enlightening from any point of view.

By MR. DICKINSON:

Q. What tin plate company was referred to?

A. I suppose the American Tin Plate Company.

Q. Do you know of any other company that could have been referred to?

A. No.

Q. Or the American Wire Company; is that the same?

A. The same, the American Steel & Wire Company.

Q. Was that concern a solid, compact, concentrated force, the Carnegie Company?

A. Solid, compact, concentrated? I suppose you might so describe it.

Q. You accept that as a proper description?

A. I think that is all right.

Q. This was read to you yesterday, on your direct examination, from the minutes of April 21, 1901, of the Executive Committee of the United States Steel Corporation, Volume II, page 560, in regard to steel car construction:

"Mr. Roberts asks if this company would favor going into the enterprize of making steel cars. He is not in favor of building a plant until he knew how successful the car was going to be. The President stated that he thinks it would not be advisable for us to go into the steel car building; The Pressed Steel Car Co. is now the best customer the Carnegie people has, and that we would not afford to take the position of a competitor; that that company pays $100,000 a year to the Carnegie Company to keep out of the car business."

Now, in this same connection I want to read from the minutes of the Carnegie Company, January 16, 1899, Volume III, page 1183, as follows:

"MR. PEACOCK: I think while we are on the subject of Car Works, it would be well to consider our present position with the New Steel Car Combination. They have already approached us on the subject of a Contract, and would be willing to buy probably 1,000 tons of steel a day, provided we stay out of the Steel Car Business. I think, under a favorable contract, I would favor this, especially since they are reorganized, and will be in good financial condition and safe to sell to."

Q. Does that refer to the same matter that was referred to in the minutes that was read to you yesterday?

A. I cannot tell you; I do not know whether that refers to the same matter or not.

Q. Did you stay out of the steel car business for a consideration?

A. I do not remember that; I do not remember that we received a consideration for staying out of the steel car business. I don't think so. We made a contract with them for plates.

Q. What does this mean in the minute read yesterday, which I repeated today, "that that company pays us $100,000 a year to keep out of the car business"?

A. I don't know what that refers to; I have no knowledge of that.

Q. What would this mean: "They have already approached us on the subject of a contract, and would be willing to buy probably 1,000 tons of steel a day provided we stay out of the steel car business."

A. That would be naturally the case, if they contracted with us for all their steel, that we should not become competitors of theirs in steel as a finished product; that would naturally follow.

Q. Not only that, but they would pay you $100,000 a year in money?

A. If that refers to the contract explained yesterday; I think there was no minimum. That was really an option to

buy this steel, and this payment was probably a payment in lieu of the fact that there was no minimum. That is my recollection. I do not think it was paid for the purpose of specifically keeping out of the car construction business. I think that would naturally follow in such a case.

MR. LINDABURY: I do not think you meant to interrupt him, Judge.

MR. DICKINSON: I thought he had finished.

By MR. DICKINSON:

Q. Now, just grind out all the grist you have on that subject.

A. I said, if that referred to the contract, the same contract as was explained yesterday, if it is the same matter in hand, and I think it is, then I think that $100,000 a year was paid us in lieu of the fact that there was no minimum specified in the contract, and that the price was low, that it was represented in the price, and that they had really an option, rather than a contract, and that it was not paid specifically for keeping out of the car business, but in consideration of the other features of the contract.

Q. Have you finished?

A. Yes.

Q. Is that just a mere theory on your part?

A. My best recollection.

Q. Have you any recollection positively why that $100,000 was paid?

A. No more than that, other than what I have told you.

Q. Then it is your construction of what appears here, without any recollection of the fact?

A. Oh, no; I have recollection of the facts, to the extent that I have told. That is my best recollection.

Q. Do you recall the fact that the money was paid?

A. I do not recall the fact that we ever accepted money from this company to keep out of the car business.

Q. Do you know whether the money was paid?

A. I do not know.

Q. Do you know whether it was contracted to be paid?

A. I think it was.

Q. I am asking if you are speaking from knowledge, or is that just a thought?

A. I have not seen the contract lately. Have you the contract?

MR. COLTON: Yes, we have the contract; on page 1201. I have not looked it through to see what the provisions are.

MR. LINDABURY: You might read him the 8th.

MR. COLTON: He would have to read him the whole thing.

MR. LINDABURY: Do not read him anything unless you want to, of course.

THE WITNESS: What is the date of that contract?

MR. COLTON: The 14th of February, 1899.

THE WITNESS: I do not think it would have been an unusual thing for us to do, to so contract not to do it, just as we did in the case of girder rails, but my recollection is that that was not the spirit of this particular contract.

By MR. DICKINSON:

Q. You say it would not have been an unusual thing for you to accept money to keep out of a certain line of business?

A. Yes; for instance, just as we did in the case of girder rails, and I think it a natural consequence that in a contract as large as that, where they bought all their requirements from us, they naturally would say to us "You will not become competitors in finished product." I think that is a natural contract in all business of that character.

Q. On page 1190, minutes of the meeting of January 24, 1899, of the board of managers, you being recorded as abroad, Mr. Bope says:

"During the past week we transferred 6500 gross tons of L. S. & M. S. Contract to Illinois Steel Company, per agreement.

"All of our own Sales above reported have been included in our report of Obligations following, although formal Contracts for only 209,907 tons have been executed."

Q. What does that mean?

A. Transferred? We had an agreement with the Federal Steel Company or the Illinois, as the case may be, by which we were to each make the same amount of rails per year;

now, if the Carnegie Company sold more than the Federal, they transferred such an amount of orders to the Federal as would give them the same amount as the Carnegie, or vice versa, and that transfer was evidently made with that purpose and intent.

Q. That is that the Carnegie Company had sold to the Lake Shore & Michigan Southern?—

A. (Interposing) More rails than they were entitled to sell under their agreement.

Q. And you had transferred them to the Illinois Steel Company to fill?

A. Exactly.

Q. What was the territory that that was in,—the Lake Shore & Michigan Southern?

A. It might have been of either territory, because the Lake Shore bought from both.

Q. So that there was territory that was equal to both?

A. Equal.

Q. What territory as to competition was equal as to both of you?

A. Where the freight rate was equal.

Q. Just name what that territory would be?

A. I could not name you any, but if the freight rate from Chicago to Youngstown was $1.50 and the rate from Pittsburgh to Youngstown was $1.50, then Youngstown would be equal territory; wherever the freight rate was equal, it was equal territory.

Q. On page 1191, of the minutes of January 31, 1899, you being recorded as abroad, the following occurred, from a letter from Mr. Carnegie:

"The question of Coke purchase was separated when option given Federal Steel Company. Let it remain so, because the Carnegie Steel Company has had forced upon it far more than ever intended, the purchase of Bethlehem Mills, the erection of 10 open Hearth Furnaces, is new business."

What does that refer to, where he says "when option given Federal Steel Company"?

A. I don't know.

Q. You do not know anything about it?

A. I do not know.

Q. Was H. H. Rogers a director in the Federal Steel Company?

A. That I do not know.

Q. You knew him?

A. I did.

Q. The Standard Oil man?

A. Yes.

Q. In the minutes of January 27, 1899, pages 1255 and 1256, I read:

"MR. LAUDER: But we will have at least as many in 1899 as in 1898.

"MR. SCHWAB: I think so, or even more; but look at the prices. The Rail Makers' Association report shows, for the 7 months ending May 31, 1899, the average proceeds of No. 1 Rails sold since November 18, 1898, (excepting on our own we have no way of ascertaining the average price on the old Contracts which were not taken into the Association accounts,) to be

The Carnegie Steel Co., Ltd.	$17.065;
Illinois Steel Company	18.119;
Cambria Steel Company	18.384;
Colorado Fuel & Iron Company	20.329.

An equalization of the proceeds gives us a credit for the 7 months of $100,862.90, increasing our proceeds; but the fact remains that we, and the other Mills, have large tonnage sold at low prices, that is prices which are low compared with present quotations—with what is charged for small lots.

"MR. LAUDER: It cannot be expected that the Mills can make long contracts at present prices. I would advise making considerable concessions in order to make sales far ahead. This boom cannot continue. The Mills are all busy now because every purchaser at low prices is taking every pound of Steel he can get, but wait until the snow flies and you will see business quieting down. I do not expect any collapse, but there is nothing to keep prices up to what they seem to be at present.

"MR. SCHWAB: For next year we will want not less than 650,000 tons of Rails; Illinois Steel Company will want the

same; the other mills will want not less than 500,000 tons; making at least 1,800,000 tons to be sold, but which cannot be sold at $25.00."

Did that set forth at that time truthfully, Mr. Schwab—as I have no doubt it did—your understanding of what the demands would be of these several companies?

A. That was my estimate of it, yes.

Q. That was your estimate of it at that time?

A. Yes.

Q. What does this mean? "An equalization of the proceeds"? Just explain that. "An equalization of the proceeds gives us a credit, etc."

A. I do not know what that refers to.

Q. I gave you the amount of sales.

A. Unless there was a pool at that time by which we agreed to divide proceeds on an equal basis. That is the only explanation I can think of. I do not know that there was.

Q. This statement was made by you?

A. Yes.

Q. That would indicate that there was?

A. I could not state that specifically, but that would be my—

Q. (Interposing) That would be your inference?

A. Yes; exactly so.

Q. You have no recollection of that particular instance?

A. No; I have no recollection of that individually.

Q. You did have such arrangements, at times?

A. Yes; I am not sure that we had it at that time.

Q. At times, I say, you had?

A. At times we did.

Q. I will ask you whether or not the prices of rails at the time this pool existed were not $17 for Pittsburgh, $18 for Chicago, and $20 for Pueblo?

A. Yes sir.

Mr. Lindabury: Where do you get that from, Judge? Is that at the top of page 1256 of Government Exhibits, Volume III?

Mr. Dickinson: I had a memorandum here of some statis-

ties, and I was asking him if he knew. I did not read that from this book.

MR. COLTON: It is from the Iron Age.

THE WITNESS: I thought that was being read from the minutes of the Carnegie Steel Company.

MR. DICKINSON: Do not think that everything I am reading you is being read from this book, simply because I have the book before me.

(By request, the stenographer repeated the pending question and answer as follows:)

"Q. I will ask you whether or not the prices of rails at the time this pool existed were not $17 for Pittsburgh, $18 for Chicago, and $20 for Pueblo.

"A. Yes, sir."

THE WITNESS: I thought you were reading those figures from the minutes of the Carnegie Company, when we spoke of the division. If you ask me the question independently of the minutes of the Carnegie Company, I should be obliged to say that of my personal knowledge, at this date, I do not know that that is correct.

MR. LINDABURY: That is what I thought might be the case. I hope the witness will bear in mind that his recollection is what is asked for.

THE WITNESS: Yes. I did not understand. I thought it was a confirmation of the minutes.

By MR. DICKINSON:

Q. You spoke yesterday of the papers being the chroniclers of the times as to prices, and being accepted as such by the trade generally?

A. As a rule.

Q. Among those papers you spoke of the Iron Trade Review?

A. And the Iron Age; yes, sir.

Q. I will read an article from the Iron Trade Review, January 5, 1899, page 9. I can bring the original here.

MR. LINDABURY: I do not care anything about that. I do not mind your quoting from that publication, from whatever is there.

By Mr. Dickinson:

Q. The article is as follows: "Pittsburg Iron Trade in 1898. The low prices in steel rails that prevailed in 1897 continued through 1898, the quotation for most of the first three quarters of the year being $18, Pittsburg, for standard sections. On some transactions there were lower prices than in the second half of 1897, and export business was taken at very low prices. In the latter part of September the understanding among the rail mills on prices was broken, several low priced sales being made in the Central West. Then, after the organization of the Federal Steel Company, efforts were made, with much promise of success, toward the formation of a company to sell the product of all the rail mills, except one, which was to be given $250,000 to cease producing. This fell through and in the latter part of November heavy sales were made, some of them, owing to the sharp competition of the Lackawanna Iron & Steel Company for Western business, at $17 Pittsburg, but the greater portion at the equivalent of $18, Pittsburg. The Johnstown, Pittsburg, Chicago and Pueblo mills have had an understanding and have maintained prices except as against Eastern competition. It is understood that the leading rail mills are filled up well into the fall."

Is this reference here, "efforts were made, with much promise of success, toward the formation of a company to sell the product," and so forth, to the Empire?

Mr. Lindabury: One moment. Do not answer until I have an opportunity to object. Have you finished the question, Judge?

Mr. Dickinson: Yes.

Mr. Lindabury: I object to this question, because it seeks to refresh the recollection of the witness by reading to him a newspaper article which he did not write, and never saw, so far as appears, and therefore can not be properly used to refresh his recollection; especially since it is upon a subject with respect to which he was not examined on direct examination. I object further, that the article speaks for itself and the witness can know no more than others what was in the mind of the writer.

By Mr. Dickinson:

Q. Now will you please answer the question?

(By request, the stenographer repeated the pending question as follows:)

"Q. Is this reference here, "efforts were made with much promise of success toward the formation of a company to sell the product," and so forth, to the Empire."

A. It is my best recollection that it was.

Q. What company was to be given, if any, $250,000 to cease producing under this arrangement?

A. That was the one at Baltimore; the Maryland Steel Company.

Q. Do you know anything about an understanding at that time between the Johnstown, Pittsburgh, Chicago and Pueblo mills as to maintaining prices or against eastern competition?

A. I think there was an understanding of that kind at that time.

Q. Mr. Schwab, in the minutes of July 10, 1899, of a meeting at which you are recorded as being present, pages 1259 and 1260, the following appears:

"Mr. Peacock, as General Sales Agent, submitted the following Report:

Sales of Standard Rails Pooled Since November 18, 1898.

	Sales	Options	Totals
Carnegie	407,393	——	407,393
Illinois	488,859	——	488,859
Cambria	118,612	——	118,612
Colorado	45,171	1,600	46,771
Total	1,060,035	1,600	1,061,635

In forming that pool there referred to, who represented the different companies? First, the Carnegie Company?

Mr. Lindabury: When was it formed?

Mr. Dickinson: This shows the operation since November 18, 1898.

MR. LINDABURY: But nothing as to the date of its formation?

MR. DICKINSON: I am not asking the date of the formation, but I am asking who represented those several concerns in the formation of the pool referred to herein.

THE WITNESS: I can not recall that from memory, but as a rule, the president of the company represented it.

By MR. DICKINSON:

Q. What would that indicate—sales of standard rails pooled since November 18, 1898?

A. That would indicate to my mind the amount of rails that each company sold.

Q. Between those dates?

A. Between those dates.

Q. And under a pool operating during that period?

A. Under a pool operation.

Q. Had there not been a break before November, 1898, in which there had been an open market?

A. I think so; yes, there was.

Q. You do not remember exactly the date when this pool was formed?

A. No; I do not remember. It was after that break.

Q. Mr. Schwab, at the meeting of September 19, 1899, the same volume, pages 1272 and 1273, the following occurs:

"MR. SCHWAB: 'In line with the authority given me, I met the other Rail Makers in New York last Wednesday. A new Agreement was made for 1900, which, however, in no way invalidates the original Rail Agreement between the Illinois Steel Company and ourselves, so that in case the new Agreement falls through for any reason, the original Agreement will be operative. The price for 1900 was fixed at $33.00. The $1.00 differential between Pittsburg and Chicago was eliminated. The Lackawanna, the Pennsylvania and the Maryland Companies were taken in. The percentages agreed on, compared with those under the last 'Rail Makers' Association' Agreement, were as follows:—'"

Then it sets forth the Carnegie, the Illinois, the Cambria, the Colorado, the Pennsylvania and Maryland, the Lackawanna, and the various percentages; that of the Carnegie

being 30 and a fraction, and that of the Illinois 30 and a fraction. What rail makers did you meet with in New York on September 19, 1899, when this new agreement was made?

A. According to that, practically all in the United States.

Q. Who represented those companies?

A. I do not remember specifically, but usually the president of the company.

Q. Who for the Illinois Company, then?

A. It was Mr. Gates.

MR. GARY: Mr. Buffington.

THE WITNESS: Pardon me. That was after the Federal. That was Mr. Buffington.

By MR. DICKINSON:

Q. What were his initials?

A. E. J., I think.

Q. What position does Mr. Buffington hold now in the Steel Corporation?

A. The same position; he has the same position as he occupied then.

Q. He has continued right along, has he, in the service of that company?

A. Yes.

Q. You referred to two agreements there?

A. Yes.

Q. One a wheel within a wheel, was it?

A. Right.

Q. Had that continued throughout, notwithstanding the breakings of these pools, or not?

A. Not throughout. That agreement did not continue during that period of destructive competition.

Q. In 1907?

A. Yes.

Q. That was a destructive period, was it?

A. It certainly was.

Q. Did you go into the territory, then, of the Illinois Company?

A. We did.

Q. Did they go into your territory, where they could?

A. They did.

Q. Then that was fixed up by this agreement that you spoke of—by the two agreements?

A. It was.

Q. One with them and one with these other people?

A. Yes.

MR. LINDABURY: One seems to have in the nature of a reserve, Judge.

By MR. DICKINSON:

Q. Did you not meet, at times, in the operation of these pools, other than the presidents of the company?

A. I do not know that we did.

Q. Who was Mr. Peacock?

A. He was vice president and general sales agent of the Carnegie Company.

Q. I will read you from page 1262, the minutes of July 25, 1899, at which you are recorded as being present. Mr. Peacock says:

"MR. PEACOCK: While in New York last week I had a conference with MM. Gary and Porter, and we also had Mr. Stackhouse on the telephone, the subject being a sale which the Federal Steel Company desire to make of about 40,000 tons of Rails, to be made and delivered at the convenience of the Illinois Steel Company during next year, for the Chicago & North Western Railroad. Their idea of price was $29.00 Chicago. They believe that should be the price for next year on such business as comes to us, but that we should not solicit any business yet. That would make the price $28.00 Pittsburg. Mr. Stackhouse said $28.00 Pittsburgh was high enough, and that he would like to sell half their product at that price. I said I did not think it necessary that we should decide how much we would sell, as all inquiries are reported to the Board. No doubt some of the Roads will be very willing to cover their requirements for next year at that price.

"MR. SCHWAB: As I understand the Agreement, while we are not to solicit any business, we are to be allowed to sell at $28.00 Pittsburg. Is there any objection to this price for such business as comes to us?"

Did the agreement then existing and therein referred to limit you as to the territory where you might sell?

A. It is not my recollection that it did.

Q. What does that mean, then, that MM. Gary and Porter wanted to talk upon the subject, the subject being a sale which the Federal Steel Company desired to make of about 40,000 tons of rails to be made and delivered at the convenience of the Illinois Steel Company during next year for the Chicago & North Western Railroad?

A. I really do not know.

Q. Was not the Chicago & Northwestern Railroad within their territory?

A. It was.

Q. What would this indicate?

A. I am not able to say.

Q. You give no interpretation of it?

A. No; I do not know what that was. I do not know what that refers to.

Q. You do not know what that refers to?

A. No; I do not.

Q. It would indicate, however, an existing agreement?

A. Oh, yes.

Q. And that if this was reported truthfully by Mr. Peacock, that under that there had to be some understanding by which that sale could be made?

A. I think that is true.

Q. Did you ever meet Mr. Porter at any time?

A. Once or twice, but never in a business way in this connection. I knew Mr. Porter very well.

Q. What was his position?

A. I do not know at that time what his position was. He was interested with the Federal Steel Company and in railroads.

Q. On October 2nd, 1899, at a meeting of the Carnegie Steel Company, Limited, page 1374, the following is recorded:

"MR. SCHWAB: The Rail Makers met again last week and concluded the arrangement outlined to the Board two weeks ago, modifying it, however, so that it is to take effect October 1st, and to include all the old business from that date. We

also arranged, in a manner which I think will be satisfactory to all, the question of selling in excess of the respective proportions of the different Mills. The Illinois Steel Company and Colorado are to confine their sales to Chicago and the North-West, we to have the Central West and the South, and so on, with the other Mills, the district being divided on the basis of actual sales made during the past. I think this will work very well."

Was not that arrangement with the Illinois Steel Company and the Colorado Company one by which you were respectively to keep out of certain territory?

A. My recollection of that arrangement is that instead of their selling rails that they might have to transfer to us in the East, they could sell their quantity where the least freights would be paid by the joint companies, which would result to the benefit of both; but there was no specific division of territory. I mean by that specific territory in which they could or could not sell; but rather that they were to devote their energies in selling to territories where the rails could be delivered with the least freight to either concern.

Q. But when you state here that under this agreement the Illinois Steel Company and the Colorado Company are to confine their sale to Chicago and the North West, does not that mean that under that agreement they could not sell east of Chicago?

A. My interpretation of it and my recollection of it is that the Illinois Steel Company always sold more rails than the Carnegie Steel Company. As a rule they transferred rails to the Carnegie Steel Company to make the equality. We endeavored to have them sell their rails in Chicago and the West, so that the Carnegie Steel Company could deliver its proportion east of Chicago with the least freight rate.

Q. But when you say you concluded an arrangement by which the Carnegie was to have the Central West and the South, does that mean what it says?

A. When you say the Central West and South, that is not specific as to a given territory, but rather in that location we were to sell our rails.

Q. In what location?

A. The Central West and the Southwest.

Q. What did you mean by the Central West?

A. From Pittsburgh to Chicago and from Pittsburgh south along the Ohio and Mississippi Rivers.

Q. Then under that arrangement you were to have that territory, were you?

A. We were to endeavor to sell our percentage of rails, but it was not specifically agreed that the other company could not sell theirs; rather, that we were to endeavor to sell our respective allotments in those territories, because of the saving of freight.

Q. Did it not contemplate that within that territory you were not to sell in competition with each other?

A. No; because that made no difference. It did not matter whether we sold in competition with each other or not. We divided the business.

Q. So that there was, really, no competition?

A. Certainly not; not if we had an agreement not to compete.

Q. So that the arrangement you had practically destroyed competition between those companies?

A. Between those two companies on that product.

Q. Mr. Schwab, what do you know about a general selling agency that was contemplated in the latter part of 1899 for steel rails?

A. Does that refer to the Empire Rail Company? I do not know.

Q. I will read you this; it may refresh your mind. In the minutes of October 16, 1899, you being recorded as present, page 1284, in a communication from Mr. Andrew Carnegie of September 28th, occurs the following:

"In regard to steel rails. The General Selling Agency will place several of the most important lines against us. They will aid other parties to go into the rail business. Mr. Huntington told me that when he heard that he was to be compelled to buy from one party, he had resolved not to buy a ton, but to give his contract for a period of years to another who wished to make rails."

What general agency does that refer to?

A. I do not know, unless it was the Empire Rail Com-

pany. I do not know whether the date there would indicate that it was or not, and I do not recall any other.

Q. If it does not refer to that, you do not know what it does refer to?

A. I don't know what it does refer to.

MR. LINDABURY: Are you not going to read what follows?

MR. DICKINSON: Yes; if you wish.

MR. LINDABURY: I do.

By MR. DICKINSON:

Q. Following what I read is the following:

"My view is that sooner or later Harrisburg, Sparrow's Point and Scranton will cease to make rails, like Bethlehem. The Autumn of last year seemed as good a time to force them out of business as any other. It did not prove so. The boom came and cost us a great deal of money. This year it seems to me the chances are all in favor of high prices for rails, upon which Eastern concerns can live. It is not a good time for us to fight. Therefore, I favor making arrangements this year, but it should be upon a basis very different from that which has prevailed with Eastern Mills, which had an unfair proportion."

What does he mean there when he says: "The Autumn of last year seemed as good a time to force them out of the business as any other."

A. I do not know.

MR. LINDABURY: I object; the witness can hardly tell what was in Mr. Carnegie's mind.

MR. COLTON: You asked to have it read.

MR. LINDABURY: But I think it is not fair to Mr. Carnegie. I suppose anybody can tell what was in Mr. Carnegie's mind, from reading a letter, as well as the witness can; and therefore my objection is that it speaks for itself.

MR. DICKINSON: I think somebody connected with the company could tell a little better about the business, from the letter, than we could.

By MR. DICKINSON:

Q. What was the effect of the pool that you had in exist-

ence between the Carnegie, the Illinois, the Cambria and the Colorado, upon the other companies?

A. I think that would have no serious effect, except probably to raise the price of rails generally, getting a better price for rails.

Q. Could they get into your territory at all?

A. Oh, yes; they could.

Q. With this arrangement?

A. Yes; certainly.

Q. In this article I read you from the Iron Age occurs the following:

"The Johnstown, Pittsburgh, Chicago and Pueblo mills have had an understanding and have maintained prices except as against eastern competition."

A. That is right.

Q. Didn't they lower prices when eastern competition attempted to get into their territory?

A. I do not know, but it is likely they would; but the East would not very well attempt to get into Chicago or the West. They would not attempt to do so, in that state.

Q. How about a fight?

A. Even then they would be less likely to do so.

Q. You went everywhere to fight, didn't you?

A. The Carnegie Company did, but they were a little better equipped to do it than the eastern concerns.

Q. On page 1288, minutes of a meeting of November 6, 1899, you being recorded as being in New York, occurred the following:

"MR. PEACOCK: Sales of rails for foreign shipment are not included in the above, as the New York Committee has nothing to do with these."

What was the New York Committee?

A. The New York Committee? I do not know what he refers to as the New York Committee. I do not recall any such committee.

Q. If there was any such committee you have forgotten it?

A. Yes; I never heard of it. I think he probably refers to the rail pool. As a rule foreign rails were excluded from

these pools, and that is probably what he refers to. I never heard of a New York Committee.

Q. I questioned you a little while ago as to the distribution of territory. It has been some time since those events took place. Now I want to refresh your memory by calling attention to your testimony before the Industrial Commission, at a period nearer to that time, the date being in 1901.

MR. LINDABURY: I think that is an error.

THE WITNESS: No, that is correct, 1901.

By MR. DICKINSON:

Q. It appears upon page 474 of the Report of the Industrial Commission, 1901, Volume XIII.

"Pools in steel and their industries.

"Q. (By Mr. Jenks) You spoke in reply to one of the earlier questions to the effect that there were sometimes apparently agreements between the officers of the different competing companies; so that they sold at the same rates, Pittsburgh and Chicago, to certain places. Will you speak briefly with reference to previous pools as they existed before the organization of this company?

"A. The steel rail pools, so-called, were simply agreements between the managers at various works to sell steel rails at the same price at the same point.

"Q. For manufactures before the organization of the United States Steel Corporation were similar arrangements existing?

"A. Yes; in all lines of business, not only in steel but everything else. There were similar agreements known as joint agreements to maintain prices. They have existed in all lines of business as long as I can remember.

"Q. Without any distribution of profits?

"A. There were sometimes questions as to the distribution of territory."

THE WITNESS: Does that refer to the steel products?

By MR. DICKINSON:

Q. All products, you say here. You say "they existed in all lines of business as long as I can remember."

A. Will you read the last part?

Q. The next question is:

"Without any distribution of profits?

"A. There were sometimes questions as to distribution of territory."

A. That is right.

Q. That is a correct statement, is it?

A. It may have been discussed, but to the best of my knowledge there was never any agreement with reference to the selling of steel restricting any party to any territory.

MR. LINDABURY: The witness did not say that, as you will observe, with regard to steel. He was speaking of combinations in all industries.

THE WITNESS: Yes.

MR. LINDABURY: And the reference was to that?

THE WITNESS: Yes.

By MR. DICKINSON:

Q. Would not all industries include steel?

A. Yes, but to the best of my knowledge I recall no agreement that divided the territory for the distribution of steel.

Q. What do you mean by steel now?

A. Any steel products; that is my best recollection.

Q. But they were to sell at the same prices at common points, were they?

A. Yes.

(Thereupon, a recess was taken until 2 o'clock p. m.)

AFTER RECESS.

CHARLES M. SCHWAB

the witness under examination at the taking of recess, resumed the stand.

CROSS EXAMINATION (Continued)

By MR. DICKINSON:

Q. Mr. Schwab, at the meeting of the directors of the Car-

negie Steel Company, June 6, 1900, which appears on page 1876 of Volume VI of the Government Exhibits, there appears the following:

"MR. SCHWAB: We shall very soon have to decide the question of whether or not we shall continue in the Rail Association. In a few months the sales of Rails will begin. I do not think that we can get the same percentage that we got before. The National Steel Company will want ten or twelve per cent. If such a request was granted it would reduce us from 30 per cent. to, say 26 per cent. We could not run full on such a percentage unless we could secure a goodly tonnage of foreign business."

I shall stop there unless you want me to read further, Mr. Lindabury.

MR. LINDABURY: Did you mention the date of that?

MR. DICKINSON: Yes; I gave the date.

By MR. DICKINSON:

Q. It speaks of the National Steel Company?

A. Yes.

Q. Had that company then become a factor in the rail business?

A. My best recollection is that they had not started the manufacture of rails, but had equipped a mill so to do.

Q. And they did start, did they?

A. I think they rolled a few rails; a very few rails.

Q. Did they not go into a pool after that with you?

A. I am not sure that they did. I don't know whether they ever became a member of the pool or not. I have forgotten, but it is probable that some arrangement was made with them.

Q. They were in condition to roll rails?

A. Yes.

Q. And you took them into consideration as a competitor?

A. Quite so.

Q. And to the extent that their demands would affect you by a reduction from 30 to 26 per cent?

A. Naturally; we would have to give from our production to satisfy them.

Q. That would be a matter of some seriousness, would it not, to your company?

A. It would. We so regarded it.

Q. I got a little further ahead than I intended to. I will leave the questions I have asked, however, and will now go back a little, in point of time, and call your attention to the meeting of April 2, 1900, you being recorded as present. On page 1867, Volume VI, Government Exhibits:

"MR. BOPE: (In reply to the President):

"The Illinois Steel Company is gaining on us in sales of Rails. They have made some recent sales which have put them ahead of us in tonnage to a greater extent than is desired.

"MR. SCHWAB: Then there is no reason why Illinois should not make some transfers of tonnage to the Ohio Steel Company. We made an arrangement whereby the Rail Association is to give Ohio 40,000 tons of Rails to make this year and next year we were to consider them as members of the pool, the basis of their membership to be agreed upon later."

Was not the Ohio controlled by the National Steel Company?

A. At that time, I am not sure. They were ultimately, I know, but when you ask for the date, I am unable to say.

Q. It is the Youngstown plant?

A. Yes. I can not tell you the date of the formation of the National Steel; that is the only point.

Q. Then the Youngstown plant was in the pool, and was then, or subsequently, under the control of the National Steel?

A. My recollection is that they were considered for a tonnage; but I doubt if they were considered after that time, and I doubt if they made even that 40,000 tons.

Q. But when you say: "We made an arrangement"——

A. Yes; we made an arrangement; that is right.

Q. To give them 40,000?

A. Yes; quite so.

Q. Then you regarded them as competitors?

A. Certainly.

Q. And they were in a position to compete?

A. Certainly.

Q. And that concern, either then or afterwards, was under the control of the National Steel?

A. It was.

Q. Did that ability to compete continue on the part of that company?

A. My recollection is that they changed that mill to a sheet bar mill instead of a rail mill.

Q. They could have changed it back, could they not?

A. Quite true.

Q. So that their ability to continue in the rail business continued down, did it?

A. Quite so.

Q. Down to the time of the formation of the United States Steel Corporation?

A. Yes, sir.

Q. Mr. Schwab, do you know about the sale of the Keystone property of the Carnegie Company to the American Bridge Company?

A. I do.

Q. I will read from a statement of Mr. Phipps, which appears on page 1867 of the Carnegie minutes, at a meeting at which you are not recorded as being present:

"Mr. Phipps: In regard to the consolidation of the Bridge Companies, I expect to be in New York tomorrow and meet Mr. Ladd in regard to the matter. I believe all here are aware of the fact that J. P. Morgan and Company are looking after the consolidation matter, and it now looks as though the combination was possible. The proposition is to issue $60,000,000.00 Capital at the present time, $30,000,000.00 each of common and preferred stock, the $30,000,000.00 of preferred stock issued will represent the plant values as arrived at by audit and appraisal and $10,000,000.00 working Capital. Of the common stock $15,000,000.00 will go with the $30,000,000.00 of preferred stock and the other half, or $15,000,000.00 will go to J. P. Morgan and Company as commission. The proposition is to take over the Keystone Bridge Works, plant and real estate, paying therefor $2,000,000 of preferred stock and $1,000,000.00 of common stock, this Company, in common with other manufacturers, to

allow Morgan to hold such stock for a period of eighteen months and have a representative on the Board of Directors. They also agree to buy from us 51% of the total amount of materials used by the Bridge Company."

State whether or not that states the facts,——

MR. LINDABURY: One moment. I object to reading from a record to a witness with the making of which record he had no connection, for the purpose of refreshing his recollection.

By MR. DICKINSON:

Q. You were president of this company at that time?

A. Yes.

Q. When the Keystone was sold?

A. Yes.

Q. State whether or not that sets forth the basis of that transaction?

A. I only remember that we sold the Keystone Bridge Company to the American Bridge Company. I think the records will show the exact terms on which it was sold. I do not remember now. There were two or three propositions; one was for stock, another was for a certain part cash, and I do not remember at this time which proposition ultimately was accepted. I think you will find, however, that it is a matter of record in some of our minutes. We did sell the Keystone Bridge Company to the American Bridge Company.

Q. Coming over now, to page 1869, referring to this proposition, you say: "I favor the acceptance of this proposition."

A. I did.

Q. (Continuing reading):

"It removes Pencoyd's rolling mill department from competition with us; we get one-twelfth in value of all works, a very high price for Keystone, and they take off our hands all contracts, and pay us for all materials at Keystone in cash; so we run no risk on contract balances."

A. Yes.

Q. (Continuing reading):

"I told Mr. Ladd at no time that his proposition would be accepted, although in talking the matter over with Mr. Car-

negie he strongly favored my accepting the proposition forthwith. Mr. Roberts, of Pencoyd, told me that many of his relatives were stockholders of his Company and that a goodly number of them were women and that as he was forced to look after their interests he did not want to take full payment in securities, although so far as he himself was concerned that he would do so, but wherever estates were affected he would settle for cash. If we take stock and should get only $20.00 per share for our stock we would get all that Keystone is worth."

Explain how that transaction would remove Pencoyd's rolling mill department from competition with you?

A. The only way that I can account for it is that Pencoyd joined this Bridge Association. We contracted with them that 51 per cent of the material was to come to us, and therefore Pencoyd would not become a competitor of the Keystone, which belonged to the Carnegie Steel Company. They had a rolling mill and a bridge shop.

Q. And had been in competition with you?

A. In competition with us; but I do not understand the language when it says, "Removes Pencoyd's rolling mill department from competition," because that was not contemplated or made possible by the formation of the American Bridge Company. It had nothing to do with the rolling mills.

Q. The language is "it removed."

A. I do not see how it did.

Q. I will give you the exact language. "It removes Pencoyd's rolling mill department from competition with us."

A. Yes, but I do not see how that is possible, by any construction of that deal.

Q. You were making structural material at that time?

A. Yes.

Q. Wasn't Pencoyd making structural material at that time?

A. Yes.

Q. They were in competition with you at that time?

A. Yes; they were, but this deal would not remove them from that competition.

Q. Then did they continue to be competitors?

A. Certainly.

Q. Down to the time of the formation of the Steel Corporation?

A. They did.

Q. Competitors in what?

A. All sorts of steel for fabrication, for buildings; structural steel.

Q. Where were they selling?

A. Everywhere in the East.

Q. Where were you selling?

A. Everywhere in the West, but they were selling chiefly in the East.

Q. Selling structural steel?

A. Yes.

Q. Everywhere in the East?

A. Yes.

Q. As competitors?

A. Yes.

Q. Now as to this statement: "If we take stock and should get only $20 per share for our stock we would get all that Keystone is worth." What condition was the Keystone in at that time?

A. It was not a modern plant; not my idea of what ought to be a modern bridge works, and I always wanted to rebuild the Keystone Bridge Works.

Q. What did you get for it?

A. I don't recall.

Q. I mean stock or money?

A. I don't remember, but I think the records will show. I think we got stock.

Q. I will read your statement, page 1869:

"MR. SCHWAB: The board may remember that when we had this matter up before we had agreed to close on the basis of $500,000 cash, balance in securities, and that is the condition of affairs today. I did not agree to take all stocks. After learning that all companies except Pencoyd and Lassig had agreed to sell for stock, that Pencoyd was to be paid for their rolling mill in cash, but for bridge works at appraised value in stock, I told Mr. Ladd, the promoter, that I would take up for consideration his latest proposition of giving us payment

in securities alone. I favor the acceptance of this proposition."

A. I do not remember which we finally accepted. There was a lot of negotiation.

Q. From a meeting of April 23, 1900, at which you were present, which appears upon pages 1870 and 1871, I read the following:

"MR. PEACOCK: Nothing new to report today. The very heavy reduction made in prices by American Steel and Wire Company, amounting to one cent per pound, is the subject of much speculation as to its effect upon the iron and steel trade generally, and we may perhaps have to confront some reductions ourselves, although we are still holding out for the higher prices. We are to have a meeting of billet makers and pig iron association in New York tomorrow, and it is my judgment that we should vote for the maintaining of prices. We are practically protected by associations on everything except plates and if a reduction was made in the price of pig iron and billets by associations it would certainly cause us not only great trouble to secure specifications on high priced contracts, but no doubt some losses by adjustments in prices as well on business booked. Plates is a bad factor in the market, just now selling as low as $1.65."

MR. LINDABURY: Before you ask your question, I did not hear the page.

MR. DICKINSON: Pages 1870 and 1871. I gave it to Judge Gary, and I thought you heard it.

By MR. DICKINSON:

Q. Now, what reductions and on what kind of materials was the Carnegie confronted with by the reductions made by the American Steel & Wire Company?

A. I am unable to say. That is Mr. Peacock's quotation that you gave?

Q. Yes.

A. I do not know just what was in his mind.

MR. GARY: They were sellers to the Wire Company.

THE WITNESS: Yes. But I say I do not know what was in Mr. Peacock's mind when he said that.

Q. Is it a fact, as he states here, that you were then practically protected by associations on everything except plates?

A. We generally were.

Q. And were you then?

A. I cannot tell as to that specific date. There were so many of those associations at the time that I cannot speak definitely with regard to any one of them at this time.

Q. At a meeting of July 3rd, 1900, at page 1879, appears the following:

"MR. SCHWAB: Business has reached a stage that makes it impossible to maintain the prices on billets."

Then skipping, unless counsel desire me to read, I come down to this:

"We are to have another meeting with the Billet makers, but I feel quite certain that it will be impossible to hold the parties together and maintain the prices."

Mr. Schwab, at that time, was it not getting more and more difficult to maintain these pools?

A. I could not say that that was true. Of course the greater number there were in them the more difficult it became.

Q. Were they not getting a great deal of notoriety in the newspapers at that time?

A. I do not think so; I do not recall it. I do not recall that condition.

Q. You do not recall it?

A. No.

Q. What did you mean when you said that business has reached a stage that makes it impossible to maintain prices on billets?

A. I imagine that there was a scarcity of business, and each one was getting a little more eager for business, and therefore was apt to break away from the agreed price to get it.

Q. Despite the pools?

A. Despite the pools.

Q. And that occurred at times did it?

A. Oh, yes, very often.

Q. I will go back and include a part that I omitted, from page 1879.

"Business has reached a stage that makes it impossible to maintain the prices on Billets. Rails and structural steel, I believe, can be maintained; the question of policy in these instances has to be considered. I think it is safe to predict that the Pig Iron makers and the Billet makers will not long desire to maintain prices. Mr. Butler, of the Pig Iron Association, informs me that they have sold practically no Pig Iron for the past two months. His idea of the price is $15.00 in the valley, and he thinks also that such a reduction would bring out plenty of business."

What Mr. Butler is that?

A. I think that refers to Mr. Joseph A. Butler, president of the Pig Iron Association of Youngstown, Joseph Butler, Jr.

Q. Really J. G., isn't it?

A. J. G. Butler, yes.

Q. At that same meeting, page 1880, appears a communication from Mr. Carnegie to the president, so recorded, as follows:

"Yours of June 8th received; the situation is interesting and grave. Your remark in the Minutes of 6th 'There is question of course that if the business is left open and associations done away with that we can get our full share of the business and sufficient to keep our mills going at full speed. We should think seriously upon this point' goes to the point. In the former depressions we announced our policy, viz: take all orders going and run full. Our competitors believed we meant what we said and this no doubt operated to clear the field. One after the other dropped out; finally Pennsylvania Steel dropped out and only a few remained who could meet the lowest prices.

"We averaged $4.00 a ton profit on all our product in the worst of times."

Now, is it a fact that during these former depressions your announced policy was to take the orders coming and run full?

A. Yes.

Q. And did you do that?

A. We did.

Q. What effect did that have upon your competitors? Did they drop out one after another?

A. Many of them did.

Q. The pace was too sharp for them, was it?

A. Too fast.

Q. He continues:

"We averaged $4.00 a ton profit on all our product in the worst of times."

State whether or not that is true?

A. That is approximately right.

Q. Now, I will proceed, on the same page:

"I concur in the policy you are pursuing, trying to keep prices up as high as practicable owing to the large number of high priced orders on the books yet unfilled. But it is probable you will be met by the problem before long whether to do as we did before or to continue co-operating with others trying to keep up prices. I am inclined to think that in regard to Rails you may be able to do this although Cleveland and perhaps other mills will interfere and even with rails it may be our best policy to meet low prices and run full; structural steel, probably one half of all the steel made, at tolerable prices would be better than a large amount at lower prices and it would be a pity to disturb an agreement that has worked so satisfactorily. In plates and all other things except these, I can see nothing for it but the old policy. Take the orders.

"I notice that the American Steel Hoop Company are taking only 3,000 tons per month from you. That should be stopped or we should go into making their product promptly."

Now, I have asked you about Cleveland, and it occurs here again. I will ask you if you know now to what he refers when he speaks of Cleveland?

A. If rails had been maintained at a high price, a mill like Cleveland in very depressed times might have made rails. That is what it refers to. As a matter of fact they did not.

Q. What mill is that?

A. It is the old Cleveland rolling mill I think that he refers to. That is the only one I know of.

Q. Was the American Steel Hoop Company buying from you at that time?

A. Yes; they bought billets.

Q. And were they talking about stopping?

A. No, but they had not ordered much steel from us. If they had got down to 3,000 tons per month we supplied them with very few billets.

Q. On the next page, at the same meeting, page 1881, there appears a letter to you from Mr. Carnegie, which you presented, as follows:

"Before receiving yours of the 8th I had written you that I thought we would have to prepare to make hoops, etc. My advice is to go ahead; lose not a day; let your response to the action of the Hoop Company be such as will not only give them but others a lesson, which I am sure we will have to give sooner or later. I do not think that there are many customers for rods remaining and believe that if there are they will not exist for a long time. We should not go into rods as I see it unless we also go into wire. No use going half way across a stream; should aim at finished articles only; it is coming to this in all branches."

Then you proceed as follows:

"MR. SCHWAB: I have already expressed my views on the matter of rails referred to by Mr. Carnegie. For myself I do not see that there is anything left for us to do but to build a hoop and a wire mill. The American Steel & Wire Company have served notice on us for cancellation of their contract with us. The American Steel Hoop Company are buying but little from us. With the loss of customers that we have sustained it will leave us in a position to have no four-inch billets to make. There does not seem to be any other place at present to place them. The contract with the Union Steel Company would not prevent us from going into the wire business. It is very doubtful indeed whether they would take a full tonnage from us. It looks very much as though we would have to put out steel into the finished article; we formerly sold to the constitutent companies of the American Steel & Wire Company and the American Steel Hoop Company from 30,000 to 35,000 tons of billets per month. We have done all

that we can to endeavor to get them to take their tonnage from us but so far we have been able to accomplish nothing. I do not see how we can stop at wire rods; I think we shall have to finish the wire and nails because there are no customers for wire rods at the present time. We have figured that a hoop mill will cost about $800,000.00, a rod mill about the same amount and a mill to make barbed wire and nails would cost about $1,000,000.00, or a total expenditure to go into the hoop and wire and nail business, about $2,500,000.00."

Had you not then, about that time, inaugurated a policy on account of the falling away of some of your customers, notably the American Steel & Wire Company and the American Steel Hoop Company, to establish works to go into the classes of articles that were then being manufactured by those companies?

MR. LINDABURY: Objected to as not cross examination.

A. Yes, we adopted the plan at that time of building mills to finish our own steel that we had formerly sold to those companies.

By MR. DICKINSON:

Q. And to make the same class of products that they were then making?

MR. LINDABURY: The same objection.

A. To make the same class of products that they were then making.

By MR. DICKINSON:

Q. On the same page, 1882, at a meeting of July 9, 1900, Mr. Schwab says:

"As arranged, I met the Steel people again but we could not agree about prices; there is a manifest disposition to restrict the output of Pig Iron; National and Federal agree to close down some of their furnaces. Have any inquiries for Billets developed?"

State whether or not that is a fact, that the National and Federal had agreed to close down some of their furnaces?

A. If that is stated there, I think it is no doubt true.

MR. LINDABURY: The question is not as to the witness's

opinion as to whether that is true or not, but whether he has any recollection on the subject.

THE WITNESS: I have not.

MR. LINDABURY: I must object to expressions of opinion as to whether these minutes are accurate or not, and I move to strike out such expression of opinion.

By MR. DICKINSON:

Q. Do you know at any time whether any such agreement was made?

A. I do not recall any agreement at this time that was made. I recall no agreement that was made to shut down furnaces for restriction of output of pig iron. That naturally followed. When the stock of pig iron grew too large at these various plants, we always closed down our furnaces. It was a natural policy of those companies.

Q. You say this statement which appears here you have no doubt is true?

A. If it is in the minutes, it is my opinion that it is true.

MR. LINDABURY: I object.

By MR. DICKINSON:

Q. I will ask you something about the minutes. I will ask you if these minutes did not make a record of the important transactions, and if copies of these were not sent to Mr. Carnegie in Europe, and if they were not recorded for the purpose of giving him a true history of the things that transpired there?

A. That was the intention of those minutes.

Q. And you believe that if this statement is credited to you there and put down in the minutes, that you stated the facts at the time, and that they were true?

A. I do.

Q. In a communication to you from Mr. Carnegie, which is recorded in the minutes of July 9, 1900, of a meeting at which you were present, there appears on page 1884 the following:

"We know what we did before and how well we come out and I agree with Mr. Lauder entirely that no consideration would induce me to not take orders to keep our furnaces going. I am disappointed that last minutes say nothing about

the Illinois Steel Company being 108,000 tons ahead of its division; that is, they owe us 50,000 tons at $20 per ton profit, one million dollars. What is the use of making agreements if they are not looked after? What are all the petty economies that can be made at the mills compared to a loss of this kind, incurred simply because the Illinois Steel Company was not held up to its agreement? The probabilities are now that at the best we will not be able to get our proper amount. Not a day should be lost, however, in calling upon the Illinois Steel Company to transfer to us 30,000 tons, which is due us even after giving the 40,000 tons to the National Steel. You can probably force them to do so now but shortly you will not be able to do so."

Was or was not the National Steel at that time in the pool?

A. My recollection is that according to the former minutes they had an agreement or understanding that we were to give them 40,000 tons of rails for that year's work; so that to that extent they were in the agreement.

Q. Referring, Mr. Schwab, to the plan we discussed a while ago for making the products that were made by the American Steel & Wire Company and the Hoop Company, I read from page 1887, from the minutes of a meeting of July 16, 1900:

"MR. MORELAND: I would suggest that we consider the propositions separately; that is, take up the Wire and Nail plant and then follow with the Hoop plant; I am not prepared to answer for the latter today.

"MR. SCHWAB: Very well, we will do that, and I would state that the question I wish to have decided by the board now is whether or not we will appropriate $1,400,000 for the rod, wire and nail plants to be built at Duquesne Steel Works, in accordance with the plans we have made.

"On motion (MM. Morrison and Gayley), the expenditure of $1,400,000, for the erecting and building of a rod, wire and nail plant at the Duquesne Steel Works was authorized; the vote being as follows. Schwab, aye; Singer, aye; Morrison, aye; Moreland, aye; Gayley, aye; Clemson, aye; Lauder, no. The president announced that the motion was carried."

Did that occur?

A. I did.

Q. On page 1888, the minutes of the meeting of July 31, 1900, occurs the following:

"MR. SCHWAB: Mr. Hill of the Great Northern told me some time ago that he contemplated purchasing 10,000 tons of bridge steel but that he would wait until the price reached 1.50 per pound. Such talk as this has confirmed me in the belief that we could get a pretty good tonnage at this figure.

"MR. PEACOCK: That price would give the American Steel & Wire and the Republic a chance to take the angle business. They have been quoting on angles 1.25 for the sizes covered by the pool agreement and for angles under 3 inches not covered by pool agreement almost everybody is quoting 1c per pound. It makes it rather difficult for us to sell under such conditions and keep agreement.

"MR. SCHWAB: I will have a meeting of the structural steel men called at once and we will go over the situation and see what can be done."

Were the American Steel & Wire Company and the Carnegie Company at that time making angles which were competitive?

A. I did not think they were. I do not think they were There is something there not implied in the minutes. They may have made certain special small angles, but as to the steel work being done; it was hardly true as to their being competitors.

Q. How about the Cleveland Rolling Mill Company of the American Steel & Wire Company?

A. Yes; that is where they would make them.

Q. And could make them?

A. They could, yes; but did not.

Q. And sell them at that price in competition with you at that time?

A. I think so, yes.

Q. They were potential competitors, then?

A. Yes.

Q. On page 1889, the minutes of the same meeting, is a

communication from Mr. Carnegie to the president as follows:

"Confirming my wire upon the situation let me say that all is coming just as expected. There is nothing surprising; a struggle is inevitable and it is a question of the survival of the fittest. For many years we have seen that the manufacturer must sell finished articles. One who attempts to stop half way will be crowded out. We have a great advantage over others, running non-union, but I do not believe that we shall be allowed to run non-union peaceably unless we give our men steady work; unless we run when others stop as we did for some years previous to the boom. The result of our decision to take orders and run was a great triumph and has given us the position we occupy. I think our policy should be the same again.

"We need to manufacture hoops, cotton ties, steel wire, nails, tubes, perhaps other things later as we go on. Whenever we do so we have the big trusts at our mercy. Temporary arrangements, understandings may be arrived at then, but we should place little dependence upon them. Our safety lies in being independent and running our business in our own way. The agreement that our versatile president made in structural was a triumph, think it fair and it may last some time, although you will find that big profits in structural will tempt others into it just as rails are doing. I note that the Tennessee Company has taken orders for 70,000 tons of rails next year's delivery, open hearth steel. You may be able to combine for a year and make an arrangement for rails that will be profitable, upon the whole, filling up with billets or something else. No objection to this; but the main rule holds, notwithstanding the exception, that we should give our men steady work if there are orders in the market.

"The greatest blow we have received is in the rise of railway rates and we should address ourselves to rendering these impossible. There is no reason why we cannot ship to Conneaut and to western points by boat from Conneaut and I would spend a good deal of money and a good deal of attention upon this. The mere fact that you begin shipping in that way by boat will bring railroads to their sense. I also think that something can be done shipping by Erie Canal from Con-

neaut. I think the Lorain or somebody else put a line of boats upon the Erie, and I know that a paper manufacturer of Erie does all his transportation by line of boats, which he tells me costs him about 75 cents per ton. One shipment to New York by canal would give your railroad friends much anxiety."

At that time was the plan to manufacture hoops and wire tubes still under contemplation?

A. It was.

Q. Did your plan include anything else?

A. No; wire, tube and hoops.

Q. How about cotton ties?

A. That is included in a hoop mill.

Q. Nails.

A. Yes; they are all wire products and hoops and tube products that we had under contemplation at that time

Q. What was this agreement that "our versatile president made in structural," that was regarded by Mr. Carnegie as such a triumph? I know your modesty may restrain you, but still we have to get at the facts, even if we do embarrass you somewhat.

A. There were so many of those, Judge, as I stated before, that I could not, at this time, differentiate or remember which one is there referred to.

Q. You wore so many laurels of that kind that you can not remember which particular one this refers to?

A. I would not say that, no.

MR. LINDABURY: That triumphant agreement is printed as an appendix to your bill.

MR. DICKINSON: I was just going to call attention to it.

MR. COLTON: We shall have to go back to get an earlier date.

MR. LINDABURY: No; that is the one that is printed.

MR. COLTON: No; they are different in date. This is 1897. It is also referred to in the minutes; both of them.

MR. DICKINSON: While we are on that, I think I will ask you about it.

MR. LINDABURY: I think that is the one.

By Mr. Dickinson:

Q. Please examine, Mr. Schwab, that agreement which is printed in the petition, marked Exhibit B.

Mr. Lindabury: My recollection is that there was not any between these dates. I may be mistaken.

The Witness: Yes; I remember that agreement.

Mr. Lindabury: What is its date, Mr. Schwab?

The Witness: January, 1897.

By Mr. Dickinson:

Q. Was the Carnegie Steel Company a party to that agreement?

A. Yes; a very large party.

Q. Was the A. & P. Roberts Company a party?

A. They were.

Q. And the Universal Construction Company was a party?

A. They were.

Q. Were the Cleveland Rolling Mill Company a party?

A. They were.

Q. All of those concerns subsequently went in to the United States Steel Corporation?

A. Not all of them. Jones & Laughlin did not.

Q. Oh, no——

A. (Interposing.) You mean the ones about which you asked me?

Q. Yes.

A. Yes.

Q. Were the percentages as set forth here correct?

A. As nearly as I can remember, they are correct.

Q. Mr. Schwab, please look at the third paragraph which begins, "First, each of the above parties," etc.

A. Are you referring to this agreement?

Q. Yes; and I ask you to look at the third paragraph in it, which begins: "First," and so forth.

A. "First, each of the above parties," and so forth?

Q. Yes. State whether or not that correctly sets forth the facts as stated.

A. That is right.

Mr. Lindabury: What page in the petition is that on?

MR. COLTON: On page 76 of the petition.

THE WITNESS: The third paragraph on page 76.

MR. LINDABURY: Did you read that?

THE WITNESS: I did.

By MR. DICKINSON:

Q. Mr. Schwab, upon page 1895 of the minutes of October 11, 1900, is recorded the following:

"MR. PEACOCK: In the absence of the President I would say that he has succeeded in arranging rail matters with the Colorado Fuel & Iron Company so that there will be no break in the rail arrangement at present."

Is that the fact or not?

A. I do not recall. If it is reported there it must be the fact.

Q. Do you remember that you did at any time make arrangements with the Colorado Fuel & Iron Company?

A. I don't remember this specific one. I made a number of arrangements with them.

Q. And this may be one of those that you remember?

A. Yes.

MR. LINDABURY: I object to the witness' opinion as to the existence of a fact of which he has no memory.

By MR. DICKINSON:

Q. I will go back to the meeting of September 25, 1900, pages 1892 and 1893, at which meeting you are reported as being present, and in which you say:

"MR. SCHWAB: I would like to report that at the meeting of the rail manufacturers last week, we agreed upon a division of the business, and practically the same conditions as existed during the past year. We have had to take in the National Steel Company, giving them ten per cent., of the rails sold to be deducted pro rata from all the other members. The price of rails was fixed at $26.00 per ton."

Is that a fact?

A. I think that is correct, yes.

Q. On page 1897 of the minutes of the meeting of October 22, 1900, you are recorded as saying:

"I would not go into any arrangement which would not give us just as large a percentage as on an open market, and we can make the price anywhere from $5.00 to $10.00 per ton above what we are getting now. There are only ten or eleven Plate Mills in the country. We have communicated with all of them, and I believe they are favorable to such an arrangement. I favor it very strongly for this reason; in the structural association we have sold just the same percentage as we did in the open market before the association was formed. It has been a very profitable arrangement to us, with a tonnage as large as if we had not been in the association.

"I have asked these plate manufacturers to meet me this week."

Who were the ten or eleven plate manufacturers that you refer to there?

A. Have you a list of them? I can recall them a good deal easier if I have a list. I can name most of them.

MR. LINDABURY: He does not say "manufacturers." He says "Plate Mills." That may or may not mean the same thing, Judge.

MR. DICKINSON: Then I will change the word to "plate mills."

MR. LINDABURY: Ten or eleven plate mills in the country.

By MR. DICKINSON:

Q. I will show you exhibit "A" to the petition, page 70, and ask you whether or not those are the ones referred to?

A. Yes; that is correct.

Q. That is to say, that you therein refer to the Carnegie Steel Company, Limited, Jones & Laughlin, Limited, and the Illinois Steel Company, the Crucible Steel Company, the Otis Steel Company, the Tidewater Steel Company, the Lukens Iron & Steel Company, Worth Brothers Company, Central Iron & Steel Company, the American Steel & Wire Company, and the Glasgow Iron Company?

A. Yes.

Q. I notice in the list are the Carnegie Steel Company, the Illinois Steel Company and the American Steel & Wire Company?

A. Yes.

Q. All of those concerns went into the United States Steel Corporation, did they not?

A. Subsequently, yes sir.

Q. At the time this agreement was made were they competitors in interstate commerce?

A. They were.

Q. Was this pool entered into for the purpose of such reciprocal advantages as would come to competitors from making a pool arrangement?

A. Yes.

Q. On page 1902, of Volume VI of the Government Exhibits, the Carnegie minutes of November 13, 1900, you being present, there is recorded the following:

"PLATE AGREEMENT.

"MR. SCHWAB: I would report that we have finally concluded the agreement on plates. Two of the firms could not sign without having the consent of their boards of directors, but I think there will be no trouble about it. The basis is such as to give us 46¼%, but we have 140,000 tons, excluded from any pool arrangement by reason of tonnage already sold; so that we really get 56% to 57% on next year's business."

Referring back, now, to that agreement on page 70 of the Petition, it appears there 46.25 per cent of the Carnegie Steel Company, Limited. Was that the same arrangement you referred to in the passage I have just quoted?

A. The same arrangement, yes.

Q. Mr. Schwab, referring to this minute that I have just read of November 13, 1900, I will ask you whether or not you did form a plate agreement.

A. We did form a plate agreement.

Q. Was it between the parties whose names appear on page 70 of the petition, as shown you?

A. That is my best recollection.

MR. LINDABURY: Which edition is that?

MR. DICKINSON: That is the petition of the Government in this case.

MR. LINDABURY: Is this print on file?

MR. DICKINSON: Yes; that was filed; the original bill.

MR. LINDABURY: So that the paging would correspond to the original bill which has been filed?

MR. DICKINSON: Yes.

By MR. DICKINSON:

Q. This agreement here is the ninth day of November, 1900. State whether or not you made such an agreement in 1900?

A. We made such an agreement.

Q. Look at the percentage set forth here and state whether or not they correspond to your recollection?

A. I have no recollection.

Q. You do say, as to the Carnegie Company——

A. I could not answer without my looking at this book. I could not tell you the percentage.

Q. And when I call your attention to your statement here in the minutes as read, 46¼, you think that is correct?

A. Yes, I think that is correct.

Q. Did you operate under such an agreement?

A. I have no recollection as to this specific agreement. It is very difficult for me to state anything definitely, fifteen years after.

Q. But you did operate under an agreement?

A. We operated under a great many agreements.

Q. Under such an agreement as that which you reported to your directors in this minute?

A. With reference to whether we operated under it or not, I do not know; perhaps the records of the company will show that. I do not know; I do not remember.

Q. I have some other matters that may refresh your memory.

A. You may find some other record of it.

Q. At a meeting of November 6, 1900, recorded at page 1901, appears the following:

"MR. PEACOCK: I can report that we succeeded in selling the National Transit Company, during the past week, plates enough to keep them supplied until we can arrange

for the tubes complete about 50,000 tons. The price is 1.15c. per pound for the narrow, and 1.20c. for the wider plates."

What was the National Transit Company?

A. It was a subsidiary or part of the Standard Oil Company.

Q. What was that arrangement, "until you could arrange for the tubes complete?"

A. We used to sell them their steel for tubes, and they made arrangements with tube mills to convert it into tubes.

Q. What does this refer to, "to keep them supplied until we can arrange for the tubes complete?"

A. I think at that time we contemplated building our own tube mill, and then we would be in a position to sell them finished tubes.

Q. That is what you referred to?

A. I think Mr. Peacock referred to that. I didn't refer to that.

Q. You think that was what was referred to?

A. Yes.

MR. LINDABURY: I object to the witness being asked to tell what he thinks Mr. Peacock thought.

By MR. DICKINSON:

Q. I am asking you to interpret the language he used. You put that interpretation upon it?

A. That is how I would interpret it, yes.

Q. Was the National Transit Company at that time a customer of the National Tube Company?

A. I do not know; I think they were, but I do not know of my own knowledge.

Q. On the same page occurs the following:

"MR. SCHWAB: When I was in New York last week, J. Pierpont Morgan sent word he would like to see me. I did not comply for several reasons. I though it was about railroad matters, but I did meet Mr. Steele, who is his chief assistant, and was informed it was in reference to tubes; that the Morgan people had financed and put through this new tube combination, and were much alarmed about our going into tubes."

Q. Did you go to New York, as stated there?

A. I was in New York a great deal.

Q. Did you get word that Mr. Morgan wanted to see you?

A. I had.

Q. Did you go to see him?

A. I went to see Mr. Steele, just as set forth there.

Q. Did Mr. Steele say just as is stated here?

A. Mr. Steele and I had some conversation about the desirability of their buying the raw steel from us, and converting it into tubes themselves, thus preserving the business to our two concerns, rather than have us make the finished article.

Q. Were you informed that the Morgan people had financed and put through this new tube combination?

A. That is a matter of general knowledge.

Q. You knew it at that time?

A. Yes.

Q. But you say here "I did meet Mr. Steele, who is his chief assistant, and was informed it was in reference to tubes."

A. Yes.

Q. And "that the Morgan people had financed and put through this new tube combination, and were much alarmed about our going into tubes."

Q. Were you so informed?

A. I will not say that Mr. Steele said to me that they were much alarmed, but I probably drew that conclusion after my conversation with Mr. Steele, and reported it in that language to my people.

Q. And at the time you reported it, did you state the facts as you understood them?

A. I felt that Mr. Steele would rather that we would not go into the manufacture of steel tubes.

MR. LINDABURY: I will ask you to read the balance of what Mr. Schwab said.

MR. DICKINSON: I will read that.

By MR. DICKINSON:

Q. (Reading:) "I think when Mr. Carnegie comes out

here next week and we have definitely decided as to site, we should make a definite announcement of our intentions."

Did you make any announcement of your intentions?

A. I think we did, but I am not sure as to what that definite announcement was. I know it was general knowledge that we were going into tubes. First of all may I say that this idea of going into finished articles, as recited in the minutes and correspondence that you have gone over, was a gradual development, and not of the short period indicated in these minutes; but for a long time, I venture to say for two years and perhaps three years, I had been preparing plans for tubes especially. I believed that tubes could be made by a process different from any that had then been employed, and I was very anxious that our people go into the manufacture of finished tubes, and had constantly urged our people to do it.

Q. You say it was a gradual and constant development?

A. In our company.

Q. In your company?

A. Yes.

Q. You say it was a matter of common knowledge and public notoriety?

A. Not at that time.

Q. Well, later?

A. Later it was.

Q. You stated that your recollection was that announcement had been made?

A. Yes.

MR. LINDABURY: He did not put it that way.

By MR. DICKINSON:

Q. How do you put it? I want to put it just the way you would like to put it.

A. I did not understand what Mr. Lindabury said.

Q. I asked you if you stated you thought a public announcement had been made.

A. I think it had.

Q. Now, I will read to you from an article in the *Iron Trade Review* for January 10, 1901.

"GREAT CARNEGIE TUBE WORKS AT CONNEAUT.

"In explanation of the extensive land purchase of the Carnegie Company at Conneaut Harbor, Ohio, and the numerous reports of the company's intention to establish a manufacturing plant at that point, President Charles M. Schwab announced this week the plans of the company with respect to these purchases. He states that for over a year the Carnegie Company has contemplated entering into lines of manufacture other than those in which it has been engaged hitherto; and the first step in carrying out this purpose is to be taken at once by the establishment of the largest pipe and tube manufacturing plant in the world at Conneaut Harbor, which is the Lake Erie terminal of the Carnegie-Pittsburgh, Bessemer & Lake Erie Railroad, 153 miles from Pittsburg.

"The company has purchased 5,000 acres of land immediately east of the Conneaut harbor docks and a large part of this tract will be utilized as a site for the tube works. It was the intention before the plans were begun, a year ago, to locate the works upon the Monongahela River, but the enormous area of the proposed establishment made such a site impracticable. Options upon land on the Allegheny Valley Railroad at Tarentum, Pa., were then secured with a view of locating the works there. However, investigation proved that the drawbacks of this site were too numerous and difficult to overcome. The Tarentum land required a railroad to be built in order to connect with the Bessemer Railroad, and to do this it was found that it would be necessary to move the tracks of the Allegheny Valley Road. The site is also comparatively small for the purpose intended and left no ground for future additions.

"With the works established at Conneaut it is the expectation to rush the shipments during the months of navigation—April to December—and thus reduce transportation charges to one-third of the rates now charged for rail shipment. The Bessemer Railroad at present returns hundreds of empty cars daily to Conneaut and with the works on the lake shore completed, the road will have a back haul of coal and coke, the transportation of which will cost virtually nothing. It was desirous to utilize the full benefits of the Besse-

mer Railroad, and the shipment of coal and coke will balance the traffic to some extent. From Conneaut water communication is had to New York, Boston, and other eastern ports, via the Erie Canal and the Welland Canal; also to the large cities on the lakes, including Chicago, Milwaukee, Cleveland and Buffalo.

"Lake Erie will furnish an abundant water supply for the tube works, a very important consideration in locating a plant of the size proposed. The works will stretch over a mile of the lake front and will be the most extensive and complete plant of its kind ever built. It will include all essentials in pipe and tube manufacturing, from the ore to the finished product. The general system of operation will be continuous; the ore being unloaded from vessels at one end and worked through the successive stages of iron and steel making in a direct line to the finished pipe and tubing at the other end. Electric power will be principally employed for driving the machinery. The blast furnaces to be built will probably exceed in size and capacity the two great stacks now being finished by the Carnegie Steel Company at Rankin. The investment exclusive of ground will reach about $12,000,000. Work will begin at an early date, but the plant will not be completed until 1902 is well along."

Now, state whether or not you made an announcement substantially as set forth in this article from the Iron Trades Review?

A. Such an announcement was made.

Q. Was it made in good faith?

A. There was newspaper rumor, and I wanted to make some definite statement in regard to it, and that statement was made.

Q. Was that statement made in good faith, as indicating the intention and purposes of the Carnegie Company?

A. Absolutely.

Q. With reference to your conversation with Mr. Steele, did you have any talk with him about your proposed works?

A. I did.

Q. Did you tell him that you intended to go ahead with such works?

A. I did.

Q. If you had gone ahead with those works and constructed them within the period named, what concern would have been your principal competitors in the things that would have been manufactured at those works?

A. The National Tube Company and others. There were others in the tube business, but they were the largest.

Q. I call your attention to the minutes in the same volume, of a meeting of December 4, 1900, page 1904, where you are recorded as saying:

"MR. SCHWAB: I think we will do better on rails than we anticipated. This will probably be the last year of the Rail Pool, for I think we have reached such a point we must have another deal with the rail makers, before we can have a satisfactory pool arrangement. It is my suggestion that we allow this matter to rest for a short time, until we see how the business in rails develops, and if necessary, we can take it up again soon."

Q. Please explain what you meant by the statement that you thought "this will probably be the last year of the rail pool."

A. I do not recall at this time what I had in mind by that statement.

Q. And "We must have another deal with the rail makers"?

A. I do not remember what that was about.

Q. You had made deals?

A. A good many.

Q. Of different kinds and in different ways?

A. Yes.

Q. A deal with the rail makers would indicate what?

A. It might indicate a good many things; with me it generally meant a larger percentage.

Q. After a fight?

A. Always.

Q. Didn't this mean you anticipated there would be open competition in rails?

A. I cannot say that; I do not know.

Q. You cannot say to the contrary?

A. I cannot say to the contrary, and I cannot say that that was in my mind at that time.

Q. You cannot interpret that?

A. No.

Q. What would have happened if the pool had ended?

A. We would probably have had destructive competition, greater competition and lower prices.

Q. By what concerns?

A. All concerns.

Q. Would that have involved your company?

A. All companies manufacturing.

Q. And the Federal Steel Company?

A. All companies.

Q. And the Lorain?

A. Yes.

Q. Or the National, I mean?

A. Yes.

Q. And it would have involved competitive business with those companies?

A. Undoubtedly.

Q. In interstate commerce?

A. As I understand that, yes.

Q. What do you understand by interstate commerce?

A. Business in various states.

Q. But outside of the state where the things were made?

A. Outside of the state; exactly so.

Q. On page 1911, from the minutes of January 15, 1901, I read a statement accredited to Mr. Bope, as follows:

"It is expected to hear to-day the proportion of rails allotted to us by the Baltimore & Ohio Railroad. Mr. Cowan stated it would be the lion's share. We also have an inquiry from the C. C. C. & St. L. Railroad for 15,000 tons, which it is hoped to close this week."

Now, under ordinary conditions, looking to a difference in rates, would the C. C. C. & St. L. have been within your territory, or would it have been in neutral territory that you and other companies contended for, or how?

A. I cannot understand that now.

Q. That was the Big Four?

A. Yes. I would be inclined to think that it would be within our territory, a portion of it at any rate.

Q. Where did it run from?

A. I cannot tell without consulting the map.

Q. From Cincinnati to St. Louis?

A. It probably did.

Q. And from there to Cleveland?

A. Yes.

Q. And that was in your territory?

A. Cincinnati would be. When I say territory, I mean within the minimum freight limit.

Q. He continues:

"As to export rails, there is considerable inquiry, but competition is keen, in view of inroads made by American mills, and we must expect to fight for whatever is obtained."

Q. What do you understand this to mean, "in view of inroads made by American mills"?

A. Who is reported to have said that, Mr. Bope?

Q. Bope, yes.

A. I do not know what was in his mind. I would imagine, though, it was by reason of American sales in foreign territory.

Q. In this connection with export rails, that is your interpretation of it?

A. Yes.

Q. As a rail man?

A. Naturally.

Q. In the minutes of the Carnegie Steel Company of February 4, 1901, you being present, appearing on pages 1912, et sequitur, there is a reference to a railroad agreement. It is too long for me to read, but I will ask you to look it over and state what you know about it, what was contemplated by it, and whether or not such an agreement was entered into?

A. Yes, I remember this agreement.

Q. On page 1916, in a letter from Mr. Carnegie, it is summarized as follows:

"'Judge Reed will submit the proposed Traffic Agreement with the Syndicate which is organized to build a railroad from Uniondale, Ohio, on the Wheeling & Lake Erie Railroad, to Pittsburg, and to construct the Wabash line from Toledo to Montpelier, giving it the shortest line to Chicago. Its capital is $12,000,000, all raised by Wabash and Wheeling & Lake Erie parties.

"This traffic Contract will settle the question of rates to the west. The Wabash reaches Cleveland, Buffalo, Toledo, Detroit, Chicago, Canada and the Northwest; also St. Louis, Kansas City, and through Texas. Of course it is intended to merge the W. and L. E. and the Pittsburg line, and also the Montpelier, into the Wabash system."

What was the purpose of this agreement?

A. The purpose of this agreement was to give us the better freight facilities that might be afforded by the Wabash system coming into our plants, connecting with the Union Railroad, which was a part of the Carnegie plants.

Q. Was it to give you better rates?

A. Naturally, to give us better rates and better traffic arrangements.

Q. And better traffic arrangements?

A. Yes.

Q. Was that agreement carried out? I mean, was the transaction carried out?

A. I think the railroad was built. As to all the details of the agreement being carried out I cannot tell at this time.

Q. Was it carried out with the Carnegie Company?

A. Yes.

Q. This date, you see, is February 4, 1901.

A. Yes; I think it was carried out. That is my recollection.

Q. After the Carnegie was taken over by the Steel Corporation?

A. No; this agreement was made before they were taken over.

Q. I am distinguishing now between the agreement being made and carried out.

A. As to its being carried out, I cannot tell you whether it was carried out in all its details.

Q. Could it have been carried out between the date of this agreement here and the time that the Carnegie Company was taken over by the Steel Corporation?

A. Could it have been carried out between those dates?

Q. Yes, could all these things have been done that were contemplated?

A. The date of this agreement is February 4th?

Q. Yes.

A. What was the date of the Steel Corporation?

Q. April, 1901.

A. I cannot say that it could have been carried out in that period of time. I do not believe it could.

Q. Now, referring to the meeting that I have already called your attention to, with Mr. Steele, on page 1991, of that volume, I will ask you this; was not that meeting with Mr. Steele prior to the dinner that was given to you by Mr. Simmons?

A. The dates will show that. I do not know. I would have to refresh my memory by looking at the date of the dinner.

Q. You are not able to give the date of the dinner?

A. No; I do not remember.

Q. What is your recollection about it?

A. I haven't any definite recollection. These dates are too long ago, fifteen years ago. I really do not remember, but there are records of all those dates.

Q. Can you get a record of the date of that dinner and give it to us?

A. I have it somewhere. I do not know it, but I will try to find it if I can.

MR. COLTON: If you find it will you send it to us by letter?

THE WITNESS: Yes, I will endeavor to look it up.

MR. DICKINSON: And get it by tomorrow?

THE WITNESS: I will endeavor to do so.

JUDGE GARY: It was during the winter of 1900—1901.

MR. DICKINSON: I know it was about that time.

MR. COLTON: But it makes it rather doubtful as to whether it preceded November.

By MR. DICKINSON:

Q. Please look at page 1910, at the minutes of March 25, 1901, where there is recorded a statement of sales reports, in gross tons, standard rails, by the Carnegie, the Illinois, the Cambria, the Colorado, Pennsylvania, Lackawanna and the National. State the amount as recorded as having been sold by the National.

A. 166,302 tons.

Q. State whether or not that was a substantial amount?

A. It was. Rails sold since September 21st, 1900. Is that it?

Q. Yes. It is larger than the amount credited to the Cambria, is it not?

A. Yes.

Q. Or the Colorado?

A. Yes.

Q. And it is only exceeded by a small tonnage by the Pennsylvania?

A. Quite so.

Q. Turn back to page 1910 of the same volume, where you see a summary of important sales, and the statement that 65,550 gross tons of sheet bars were sold by the Carnegie in the foreign trade. State whether or not that was an appreciable amount?

A. That was a fair amount, yes.

Q. And 111,121 tons of sheet bars in the domestic?

A. Yes.

Q. Was that a fair amount?

A. Yes.

Q. Appreciable to yourselves and your competitors too?

A. Yes, of course this was just one month's sales.

Q. No.

A. A summary of important sales from January 1st to December 31st. Oh, that was a year. I was looking at the other heading. You are quite right.

Q. Were you on the point of building a bar mill at the time that the Carnegie Company was taken over by the United States Steel Corporation?

A. My recollection is that we had built a bar mill at that time.

Q. What kind of bars was it to make?

A. All sorts of merchant bars.

Q. With whom would that have brought you in competition?

A. The Illinois Company, in a small way.

Q. And the National?

A. Yes, a great many people. There is no product in steel

so diversified as that of bars. It is the simplest product made.

Q. Would it have brought you in competition with the American Steel Hoop Company?

A. Yes, but I might explain that we had always made bars. This mill was an addition to our plant.

Q. And increased your ability to compete in those lines?

A. A greater tonnage.

Q. Turn to page 1969, and show what the Carnegie Company sold in domestic and foreign bars from January 1st, to December 31st.

A. At the bottom of the page?

Q. Yes.

A. 85,036 bars domestic, 1.271; 2,010 tons Canadian, 1.776; 22,197 bars foreign, 1.224.

MR. LINDABURY: That is in the domestic trade?

MR. DICKINSON: There are 85,036 domestic, 2,010 Canadian.

THE WITNESS: Quite so.

MR. DICKINSON: And 22,197 foreign.

THE WITNESS: Yes.

By MR. DICKINSON:

Q. State whether or not that was an appreciable amount of bars in competition with your competitors.

A. A very small amount.

Q. A small amount?

A. A very small amount, as I explained.

Q. You were preparing to make more?

A. No, I think we had just completed the mill.

Q. I say, by which you would have increased your production?

A. Yes.

Q. So that you were competing at this time?

A. As I explained to you yesterday, to a small extent in bars.

Q. And had enlarged your capacity for doing so?

A. Either had enlarged or were enlarging; I can't remember the exact date.

By Mr. Dickinson:

Q. Mr. Schwab, in discussing the formation of the United States Steel Corporation as one of the objects and purposes which you had in your mind, you referred to the building up of the export business, and as I recollect, you stated in that connection that prior to that time the export business had been spasmodic or at times when there had been an excess, when it had been dumped abroad; and that your purpose was to put it on a basis of constancy?

A. And extension.

Q. What do you mean, in the sense in which you used it, by the word "spasmodic?"

A. In the Carnegie Company, of which only I can speak definitely, we maintained, as a rule, no offices for export business abroad. When times got dull and we needed tonnage, we would send men over there to sell at any price, in any quantity, in any line that we could. When business got good, we did not care to take that low price, spasmodic business, and we then did not export. In other words, we had not developed it to a legitimate business to be taken at all times and under all conditions.

Q. As you recollect conditions at that time, this business was spasmodic, was it?

A. In our lines that is true.

Q. How about other concerns?

A. I can not speak as to them.

Q. You did not intend to speak, then, except for the Carnegie Company?

A. The information that I spoke of with regard to this business being spasmodic applied to my knowledge of the business as applied to our own company.

Q. And not as applied generally, then, to the export business?

A. No; but I had reason to assume that it was largely the same in the other companies.

Q. You used the word "spasmodic" in the sense of meaning that that business was only gone into at times when business was dull here?

A. Mostly that was true.

Q. Were there long periods when that was not the case?

A. In times of prosperity, we did not sell much.

Q. You know the statistics prepared by the American Iron and Steel Association; you know that publication, do you?

A. Yes, quite well.

Q. We have only one copy here of the pamphlet to which I am referring, and I will show you a table upon page 22 of the publication of that association entitled "Statistics of the American and Foreign Iron Trades for 1902," and call your attention to this statement:

"Exports of Iron and Steel.

"The following table, also compiled from the reports of the Bureau of Statistics of the Treasury Department, gives our exports of leading articles of iron and steel and of iron ore and locomotives in the calendar years 1899, 1900, 1901, 1902."

This shows that pig iron in 1899 was exported in the amount of—

MR. LINDABURY: Are you reading, Judge?

MR. DICKINSON: Yes.

MR. LINDABURY: You say "this shows." Is that your language, or is that from the report? I was not sure whether that was your language or whether you were reading from the publication.

MR. DICKINSON: That was my language. This shows exports in gross tons as follows:

Pig Iron, 1899, 228,678; 1900, 286,687; 1901, 81,211; 1902, 27,487.

Scrap and old, for re-manufacture: 1899, 76,663;—

THE WITNESS: I might say that I referred to finished materials, Judge.

By MR. DICKINSON:

Q. I am going to get to that right off. I am only putting this in because it is a part of the table.

(Continuing reading:) 1900, 49,328; 1901, 14,199; 1902, 9,411.

Bar iron: 1899, 10,898; 1900, 13,299; 1901, 17,708; 1902, 22,249.

Band, hoop or scroll iron and steel: 1899, 2,869; 1900, 2,976; 1901, 1,561; 1902, 1,674.

Bars, or rods, of steel, not wire rods: 1899, 30,429; 1900—would you call that finished?

A. Yes.

Q. (Continuing reading:) In 1899, 30,429; 1900, 81,366; 1901, 27,397; 1902, 9,300.

Steel wire rods—you would call that a finished product?

A. No, sir.

Q. You would not, referring to steel wire rods?

A. No, sir.

Q. I will give that, as I am starting out to give the whole table.

Steel Wire rods: 1899, 16,992; 1900, 10,652; 1901, 8,165; 1902, 24,613.

Billets, ingots and blooms: 1899, 25,487; 1900, 107,385; 1901, 28,614; 1902, 2,409.

Cut nails and spikes—you would include those?

A. No, not cut nails and spikes.

Q. Is not that a finished product—cut nails?

A. Yes; but mostly made of iron.

Q. Is not a spike a finished product?

A. Yes, but mostly made of iron and not steel.

Q. You are not referring to iron products, but only to steel products?

A. Only to steel products.

Q. (Continuing reading:) Cut nails and spikes: 1899, 9,974; 1900, 11,163; 1901, 9,302; 1902, 7,170.

We come now to wire nails.

A. Yes.

Q. You call that a finished product?

A. Yes.

Q. (Reading:) Wire nails: 1899, 33,517; 1900, 27,404; 1901, 18,773; 1902, 26,580.

1901 was the year the Corporation was formed, was it?

A. Yes.

Q. And 1902 was the next year?

A. Yes.

Q. It appears here that in 1899 there were more wire nails exported than there were in the year the Corporation was formed, or the following year.

A. I think that is consistent. I explain that, that in times of prosperity we exported less.

Q. (Reading:) All other nails, including tacks: 1899, 2,075; 1900, 1,812; 1901, 1,896; 1902, 2,244.

Is that a finished product?

A. A very small one; and often of iron.

Q. Then you did not refer to that?

A. Yes.

Q. How about iron plates and sheets?

A. Iron—no, that is an iron product.

Q. (Reading:) Steel plates and sheets. 1899, 50,635; 1900, 45,534; 1901, 23,923; 1902, 14,866.

So that in 1899 and 1900 there were more steel plates and sheets exported than there were either the year the Corporation was formed or the year after the Corporation was formed?

MR. LINDABURY: I am a little puzzled by the course you are taking, Judge. Do I understand that you mean to offer that pamphlet in evidence?

MR. DICKINSON: I am going to offer this table in evidence.

MR. LINDABURY: I thought you were going to offer the whole pamphlet.

MR. DICKINSON: No; it is too bulky. I am just going to offer the table.

MR. LINDABURY: I must object to this examination, then. If you choose to offer that in evidence, we will agree that you shall only print two pages, and that you may then use it; but we object to your examining this witness in this way if the pamphlet is not in evidence, or unless you tell us that you will put it in?

MR. DICKINSON: I will put it in subject to objection.

MR. LINDABURY: The whole pamphlet?

MR. DICKINSON: No; the table.

MR. LINDABURY: We shall still object to your putting in the table, a part of the book, without putting in the whole of it.

MR. DICKINSON: I understand that you object.

By MR. DICKINSON:

Q. (Reading:) "Steel rails, in 1899: 271,272; 1900, 356,245; 1901, 318,055; 1902, 67,455."

So that in 1902, the year after the Corporation was formed, the export of steel rails was hardly one quarter of what it was in 1899.

Now, "structural iron and steel." Did you refer to that?

A. Certainly.

Q. Did you refer to steel rails?

A. I did.

Q. (Reading:) In 1899 it appears that of structural iron and steel 54,244 tons were exported; in 1900, 67,714; in 1901, 54,005; in 1902, 53,859.

Thus it appears that the exportations in structural iron and steel were less after the Corporation was formed than in the next two years preceding the formation of the Corporation.

The next item is "wire." Would you include that?

A. Yes.

Q. (Reading:) "In 1899 the wire exported was 116,317; in 1900, 78,014; in 1901, 88,238; in 1902, 97,843."

That is, in 1899 the amount of wire exported was much larger than it was the year after the formation of the Steel Corporation.

Totaling these, including some of those things which I did not mention—

A. (Interposing) But including pig and so forth?

Q. I say the total of these is as follows:

In 1899, the total export was 942,689; in 1902, 370,805.

A. Have you finished reading, Judge? I did not understand whether you had asked me to explain why this was so.

Q. No; I have not asked you to explain. I am just asking you whether or not you had any reason to question the accuracy of these figures.

A. I have no reason to question it; but I think that it does not detract from or disprove my theory; because you have taken the statistics over a very short period and at a time when I explicitly stated that we had not derived any of the benefits from our export association.

If you want to make the statistics correct, take them up to date; and I will venture, without knowing, to say that you will find a very large increase in each branch of the business, as

I stated in the beginning would come about by such an organization.

Q. In the first place, we are not running up to date on our side of this case; but I will take some other dates.

A. I only wanted to defend my theory, Judge, as to the correctness of the view.

MR. LINDABURY: We shall be quite content if you stop in 1911, if you prefer, Judge.

MR. DICKINSON: I am going to take some other years up.

MR. LINDABURY: I hope so.

MR. DICKINSON: Yes; I will.

MR. LINDABURY: And not put in a partial table and withhold the rest of the book.

MR. DICKINSON: Before we go into that, the hour of adjournment has arrived, and we might as well suspend until tomorrow morning.

You understand, Mr. Lindabury, that I offered the table, and you excepted?

MR. LINDABURY: We do not object to the book or the table, but—

MR. DICKINSON: I will designate it more specifically. I offer, beginning on page 22, with the words "Exports of iron and steel," and going down, on page 23, through the words "and partly to lower prices abroad."

MR. LINDABURY: We object to the offer of the particular table without offering the context and without offering the book as a whole.

(The table referred to was thereupon marked "Government Exhibit No. 426, May 20, 1913," and will be found in the volume of exhibits.)

(Whereupon an adjournment was taken until Wednesday, May 21, 1913, at 10:30 o'clock a. m.)

SIXTIETH DAY.

EMPIRE BUILDING,
71 BROADWAY, NEW YORK CITY.

WEDNESDAY, MAY 21, 1913.

Before Special Examiner JOHN ARTHUR BROWN.

Present on behalf of the United States, MR. DICKINSON and MR. COLTON.

Present on behalf of the Defendants, MR. LINDABURY, MR. SEVERANCE, MR. BOLLING and MR. REED.

CHARLES M. SCHWAB,

the witness under examination at the taking of the adjournment, resumed the stand.

CROSS EXAMINATION (Continued)

By MR. DICKINSON:

Q. Mr. Schwab, state whether or not the Carnegie Company exported any rails to foreign countries in 1899.

A. I can not recall that definitely; I do not remember. I think the records would show that, an examination of the records. We did export rails from time to time, but when you name a specific date, I can not recall it.

Q. Volume III, page 1311, in evidence in this case, shows that the Carnegie Steel Company in 1899 exported steel rails, both light and heavy, 182,990 tons.

A. Yes.

Q. Do you know whether any other concerns in the United States at that time exported rails?

A. No, I do not remember at this time.

Q. Well, taking 1899, 1900, 1901 and 1902, have you no knowledge as to whether or not during those years the Carnegie Company exported rails to foreign countries?

A. I think we did, but I can not remember specifically the years or amounts.

Q. Would you say that you did?

A. I think we did.

Q. For which ones would you say you did?

A. For which year?

Q. Yes.

A. I could not tell you; I do not know. I do not recall that at all. I think the records would show that very clearly.

Q. At that time, do you know whether your competitors were exporting rails for any of those years to foreign countries?

A. I do not know now.

Q. If the Carnegie Company did export rails for 1899, 1900, 1901 and 1902, and if the records show that the exportation of all rails from the United States exceeded that amount, then it would show that your competitors had exported rails, would it not?

A. Undoubtedly.

Q. And who would the competitors be that were in a position during those years to export rails and sell them in foreign countries?

A. It is a question of where they were exported. If they were to be exported to Japan, a number of companies could; if they were to be exported to Canada, if you call Canada rails export, several companies could have done so. If they were to be exported by the Atlantic, the Pennsylvania Steel Company, the Maryland Steel Company, the Lackawanna—any one of those companies could have exported rails.

Q. Now, to Japan, what concerns could have exported in those years?

A. All the ones I have mentioned.

Q. To Canada, which of those companies?

A. The Federal Steel Company could have exported, the Lackawanna, and the Carnegie Steel Company.

Q. And to Mexico?

A. It would be most likely in that case the Illinois Steel or the Federal.

Q. Don't you know that during those years you and the competitors did export in competition to various foreign countries, in competition with each other in steel rails?

A. Yes, I think so. When you say in competition, I can

not speak as to that, whether other people were asked to bid or not. Naturally any one making rails in this country, or desiring to make them at that time, would bid in competition with other manufacturers.

Q. How about structural iron and steel?

A. I think there was very little exported.

Q. If there was, did your company export it all?

A. No, I do not suppose we did, but I have no knowledge as to what other companies exported.

Q. How about billets, ingots and blooms? Did your company sell them in foreign countries for those years?

A. Yes, but I cannot say any definite years; but as a rule we would sell billets and sheet bars abroad when opportunity offered, and we had the capacity at our mills to ship them.

Q. While you cannot specify the particular years, can you say that in some years, embracing 1898 to 1900, you did sell?

A. I think we did.

Q. And that your competitors did likewise?

A. I cannot speak for them.

Q. Did the total exports to foreign countries in 1901 or 1902, you can answer as to both years, exceed those for the years 1898, 1899 and 1900, in billets, ingots and blooms, steel rails and structural iron and steel?

A. I don't recall that. That is a matter of record that could be obtained, but which I do not recall.

Q. You have stated that this plan which you blocked out with Mr. Morgan involved the question of economy, and also the bringing together of various concerns for the purpose of the export business?

A. One of the purposes.

Q. One of the purposes was export business?

A. Yes.

Q. How long after the formation of the Corporation was it before that made a sensible impression upon the amount of export business of the United States?

A. I cannot tell you that from personal memory of it, but I have no doubt the statistics which are available will show that the export has increased steadily since that time.

Q. Did you in furtherance of that plan of bringing together

these companies, that being one of the purposes, proceed to carry out that plan?

A. I did.

Q. And to enlarge the export business of the Company?

A. I did.

Q. And to establish agencies for that purpose?

A. As I have stated before, I brought Mr. Farrell from Pittsburgh to New York to undertake the organization of the export business as a harmonious whole, not as the Carnegie or the Wire or the Tube, but as a harmonious concern.

Q. To have all these concerns brought together?

A. Yes, which I thought would be a great advantage.

Q. And that was done steadily and constantly while you were with the Steel Corporation?

A. While I was with the Corporation that was started, shortly after its organization.

Q. And continued constantly?

A. Yes.

Q. And since, so far as you know?

A. And since, so far as I know.

Q. Mr. Schwab, in Volume II at page 561, of Government Exhibits appears the following, from a meeting of the Executive Committee—

A. Of the Steel Corporation?

Q. Of the United States Steel Corporation. You were president at that time?

A. Yes sir.

Q. In 1901?

A. Yes sir.

Q. It states—

A. What is the date of the minute?

Q. April 24th, 1901. The following appears:

"SALES AGENCIES AND OFFICES IN VARIOUS CITIES FOR CARNEGIE, FEDERAL AND NATIONAL STEEL COMPANIES.

The President stated that these three companies handled the same class of material and it is the purpose to consolidate their sales departments generally."

Was that a fact?

A. That is the Carnegie—

Q. Federal and National.

A. Federal and National. To a large extent that was true. For example they handled rails—I explained that to you yesterday, as to the lines that were the same in these companies.

Q. I am not going into details, but am asking you generally whether that statement made by you at that time in the Executive Committee was substantially true?

A. Yes, it was true to the extent that a salesman versed in the lines that the Carnegie Company made would be competent to handle the lines that the National and that the Federal Steel Companies made.

Q. Well, that is not what I asked you.

A. The question is too definite; it would be somewhat conflicting with what I have said before to say yes or no.

Q. I will make it very definite, "The President stated that these three companies handled the same class of material." Did you make that statement?

A. Evidently, if it is on the minutes.

Q. Was that a true statement?

A. The same class of materials. Now I want to explain what I said.

Q. I first want to know if you made that statement. Now, then, if you want to explain it, you are at perfect liberty to do so.

A. I want to explain it.

Q. If you want to add any explanation you are at liberty to do so.

A. I only add the explanation not to seem in conflict with what I said yesterday about the two companies not being competitors in except but few lines. When I say the same class of material, I mean the same kinds of steel, that a salesman familiar with that class could well sell for another.

Q. Were these salesmen at that time handling for those several companies any classes of material which if it had been sold by these several companies, independently of each other, would have been in competition?

A. Yes. I mentioned that yesterday. Rails—

Q. Rails. What else?

A. There were rails and billets, structural steel in a small way, plates in a small way, and in those minor classes they

would have been handling materials that would have been sold by the two companies as competitors.

Q. How about tin plate bars?

A. Tin plate bars also.

Q. And sheet bars?

A. The same thing.

Q. The rails, that was a very substantial product of each one, was it not?

A. It was.

Q. How about merchant bars?

A. Well, the Carnegie did not make many merchant bars. The Federal made a good deal.

Q. You say the Carnegie was not making merchant bars?

A. They were making them, but not to a large extent.

Q. They had built a plant?

A. That is my recollection.

Q. And light rails?

A. Yes, sir.

Q. Were the others making light rails?

A. I do not think the Carnegie had made light rails at that time.

Q. There were quite a number of classes of things at that time that these concerns would have been selling against each other in competition if they had been selling at the same places independently, where those agencies were established to which you refer?

A. There were some; yes, sir.

Q. I will ask you whether or not both companies were not selling light rails at that time.

A. I am not sure, but I think they were.

Q. Mr. Schwab, what percentage of railroad rails, for 1901, as nearly as you can state—I am not asking you for the exact tonnage—of what was then known as the standard $28 rails, was sold in this country?

MR. LINDABURY: I doubt whether that expressed just what you intended, Judge.

MR. DICKINSON: I will put the question over again.

By MR. DICKINSON:

Q. Mr. Schwab, what percentage of railroad rails made

and sold in the United States for the year 1901 of the entire product of such rails for that year was standard $28 rails? Do you understand that?

A. I think I understand what you mean. Of course I have no means of knowing. I do not recall the percentages, but I would state that a very large percentage of them.

Q. Approximately what?

A. About 80 per cent, I should imagine. I should guess that about 80 per cent were standard $28 rails. By that I mean rails of a standard quality without any exceptions as to specifications or characteristics.

Q. That is what I mean.

A. I so understand.

Q. For the year 1902, what proportion of all the rails then were standard $28 rails?

A. It would be the merest guess. My recollection is that the introduction of these unusual specifications, different from the ordinary standard rail, came in later than the periods that you mention.

Q. That is what I want to get at. About what period did they come in?

A. I should say seven years ago; seven or eight years ago they started.

Q. That would be 1907?

A. Somewhere there.

MR. LINDABURY: That would not be 1907, Judge.

MR. DICKINSON: Oh, no.

By MR. DICKINSON:

Q. When would that be?

A. I could not guess within a year or two. I could not form an idea within a year or two, but it was somewhere along there—1906 or along there. There always were some.

Q. I understand.

A. But they became more general about that time.

Q. Then, from 1901 up to 1906, before that became so extensive, the special specifications, what percentage of all the rails sold in the United States were standard $28 rails?

A. It would be the veriest guess. I have never seen the statistics.

Q. Would you say it was over 50 per cent?

A. I think so.

Q. Would you say it was over 60?

A. Now, Judge, you are trying to make me say something that I do not know.

Q. The following telegram is in evidence:

"Pittsburg, Pa., February 6, 1901"—

MR. LINDABURY: What page, Judge?

MR. DICKINSON: It is in the typewritten volume of exhibits, Volume XIII, page 2451.

MR. LINDABURY: That means it is not in print?

MR. DICKINSON: No; but it is a very short telegram. You will remember it as soon as I read it:

"Pittsburgh, Pennsylvania,
February 6, 1901.

Dr. Nelson P. Hulst,
New Ins. Building, Milwaukee.

Please proceed to New York tonight and report to Schwab at Holland House. Better take estimates of ore reserves with you.

James Gayley."

By MR. DICKINSON:

Q. Did Mr. Hulst report to you?

A. He reported to me very often, but I do not remember that.

Q. Did he report to you about the time that you were formulating the plans or negotiating about the plans for the formation of the United States Steel Corporation, the estimates of ore reserves of the Oliver Iron Mining Company?

MR. LINDABURY: What is the date of that telegram, Judge?

MR. DICKINSON: February 6, 1901.

MR. LINDABURY: I object to that question because the witness has already testified that he did not formulate a plan and did not himself have to do with the actual organization of the Steel Corporation, but simply presented Mr. Carnegie's offer.

MR. DICKINSON: I have never asked him about whether he actually organized it.

MR. LINDABURY: But you assume that he did, as if he had said it.

MR. DICKINSON: I am not assuming that he did.

MR. LINDABURY: The question appeared to me to do so.

By MR. DICKINSON:

Q. Did not you and Mr. Morgan talk over a general plan for the formation of this Corporation, what companies would be taken in?

A. During our conversations we did.

Q. And was not a holding company a part of the plan?

A. I do not recall that Mr. Morgan and I discussed the method of doing it.

Q. You did discuss with Mr. Morgan—

A. (Interposing) The properties that would add to the consolidated whole.

Q. And what the companies were?

A. Yes sir.

Q. And what they were producing?

A. Yes.

Q. And what their plants were?

A. I suppose I did.

Q. And their capacities?

A. All these questions naturally came up.

Q. They naturally came in?

A. Yes.

Q. And where they were located?

A. I do not know that Mr. Morgan was interested in that as to where they were located. There were a great many plants, as to which I doubt if I could have told Mr. Morgan myself as to all of them.

Q. I do not mean the details of each particular plant, but generally as to where these concerns were?

A. Oh, yes.

Q. What ore properties were owned by the various constituents that were embraced then in your contemplations?

A. What do you mean by what ore properties? The specific properties?

Q. No; not the specific properties, but just what amount of ore?

A. Their situation, yes.

Q. The situation of the ore?

A. No, I will not say the situation with reference to ore. I do not think I discussed that with him at all.

Q. Probably I do not use the word situation in the sense in which you use it. You did discuss with him, did you not, the amount of ore that you considered would be brought in under the combination you were then talking about making?

A. I do not recall having discussed that with him.

Q. Was not ore a very essential part of the matter?

A. Oh, of course I discussed the question in general.

Q. In general?

A. Yes; but I do not think Mr. Morgan would say to me: "How many tons of ore will this collection of works give us?" I do not think he asked me any such question. I think he assumed from what I said to him that they had sufficient ore to operate as an economical manufacturing plant; that is about as far as I would go with him on that question.

Q. That is, for all the constituents that you proposed to combine?

A. Exactly so.

Q. And for the purposes, one of them being the development of foreign trade?

A. I do not think I said to him "one of the purposes being for the development of foreign trade." I think I would naturally say to him that they had sufficient ore for a successful steel manufacturing business.

Q. I mean, for the general plan and purpose that you were contemplating.

A. That is right.

Q. One of which was foreign trade?

A. I expected, naturally, to increase the foreign trade very much. May I explain what I mean by my development of foreign trade? I said before that this business, to my mind, the business of foreign trade, could only be practically and successfully developed by works having a complete line of steel products; and that that was one of the things to be gained by this organization.

Q. And in taking this up with Mr. Morgan, you presented—

A. (Interposing) That was one of the things that I urged.

Q. That was one of the things that you presented and urged?

A. Exactly.

Q. And which was carried out?

A. Evidently, yes.

Q. Well, now, did you have information derived from Mr. Hulst and others?

A. Mr. Hulst was one of the men that I saw very often. I think at that time he was our employee at the Oliver Mining Company's works. With reference to this specific interview, it was one of many that I had frequently, but I do not recall this special one.

Q. But you did know in a general way the extent of the ore holdings of all these companies?

A. Yes; and Mr. Hulst was an officer of the Oliver Mining Company, and naturally I was in close touch with him all the time regarding these affairs.

Q. And you got information for the purpose of informing yourself?

A. As I did upon any branch of the business.

Q. And that was a very large subject matter that you had in contemplation?

A. Quite so.

Q. And you got information from Mr. Hulst as to the ore reserves?

A. Yes, from time to time?

Mr. Lindabury: You do not mean at this particular time?

The Witness: No, from time to time. I do not recall this special instance.

By Mr. Dickinson:

Q. You have been asked, Mr. Schwab, the price of rails that were made according to particular specifications of various railroad companies. Was not $28 the base price by which the price of all these rails, was fixed or with reference to all these rails, except open hearth?

A. At that time?

MR. LINDABURY: I suppose you are speaking of the later time.

By MR. DICKINSON:

Q. I mean from 1901 down to October 26, 1911.

MR. LINDABURY: Are you asking for the practice at Bethlehem, or generally?

MR. DICKINSON: I am asking the price generally among the rail makers, whether the $28 price for standard rails was not the fundamental price from which the price for these particularly specified rails was figured.

MR. LINDABURY: Do not answer that yet. I object to that, because the witness can not tell upon what base other manufacturers figured. He can only know what Bethlehem took as the base when they figured on the specifications.

MR. DICKINSON: Maybe he knew what the Steel Corporation took; he was connected with them for a long time.

By MR. DICKINSON:

Q. Answer that question please, Mr. Schwab?

A. What is the period?

Q. October, 1901, to October 26, 1911.

A. I can not answer for all that period. The statistics will show. If you will say for any specific time?

Q. Answer as to 1901.

A. In 1901 my recollection is that $28 was the base price for rails.

Q. 1902?

A. I do not recall now.

Q. You only remember as to one year?

A. No, but at that period I would naturally know. My best recollection is that the price of rails in 1901 and 1902, and indeed thereafter, was $28.

Q. After these particular specifications came in, under the various demands of railroads, by which the rails varied somewhat in quality, some having vanadium and some having more phosphorus and other things, I ask you whether the price of all those was not made in reference to a base of $28?

A. As far as my works at Bethlehem are concerned—I do not recall the question coming up in the Steel Corporation—in

those earlier years, up to 1904, and so far as it concerned the practice at our works, that is the method of arriving at those extras.

Q. So far as you know, has it not been the general method among rail manufacturers?

A. I can not speak for others.

Q. I believe you said that when the price of rails was fixed at $28 a ton, it was regarded in the earlier days by steel manufacturers, along about 1900, and before that, as a fair price for rails?

A. A fair price.

Q. And also that you never had a railroad president or purchasing agent ask you to give him rails for less?

A. That is my best recollection.

Q. You think the price is too low for rails?

A. I do.

Q. How long have you thought it was too low?

A. I always thought so; for the last ten or fifteen years.

Q. And you said that notwithstanding that, you would not reduce the price, did you not?

A. Would I what?

Q. That you would not reduce the price.

A. Naturally, I would not, if I could avoid it.

Q. You could avoid it by not doing it, could you not?

A. What?

Q. I say, you could avoid it by not reducing it?

A. Naturally.

Mr. Lindabury: You do not mean that the witness said that notwithstanding the price was too low, he would not reduce it? I think you ought to straighten out that English, Judge.

By Mr. Dickinson:

Q. I will put it so that there will be no possible misconception. "The Witness: I am stating what I had done."

A. Will you tell me what that is quoted from?

Q. From your testimony here in this case. "I am stating what I had done. I said I would not reduce the price." You said that. Now, you said a while ago, if you could help it you would not do it.

A. I am not clear as to what this is all about yet.

Q. It will get a little clearer as we go along.

A. You will have to tell me a little more. May I read the previous part of the testimony, so that I will know what it is about?

MR. LINDABURY: Would you mind giving us the page?

MR. DICKINSON: 7697. Do you want to read it?

THE WITNESS: Thank you, Judge.

THE WITNESS: Where does this start?

By MR. DICKINSON:

Q. 7696, 7697, 7698, 7699; you can read that if you want to.

A. Now, Mr. Dickinson?

Q. And you also said there had never been any change during the last ten years in that price, and there is not likely to be any, did you not?

A. That is my best recollection.

Q. And that Bethlehem is making these rails at less than the established and acknowledged price?

A. At less?

Q. I will read the whole answer.

A. What page is that?

Q. 7698.

"I would not change five cents in the price of my rails, for two reasons: First, because it would not be any more likely to secure the business, which I am going to get at any rate, and secondly, the railroads of my competitors would say, to the people in the West, for example, 'Bethlehem is making these rails at less than the established and acknowledged price. You must do the same.' The result would be an awkward situation for all."

You stated that?

A. Yes.

Q. Now, what would make it an awkward situation for all?

A. Because railroad people always feel satisfied to know that they have bought their rails as well and at as good a price as any other railroad has done. What I stated before is substantially true, that railroads do not desire, nor have they requested me as far as I remember, to reduce that price of rails of $28, and knowing that it is fair, and it is the same price as other railroads are paying for rails.

Q. Do they not know it would not be any use to ask you to reduce it?

A. I do not know. It would not be any use to ask so far as I am concerned.

Q. You would not reduce it, you say?

A. I would not reduce it.

Q. What awkward situation would come if you did reduce it?

A. For example, supposing the Pennsylvania Steel Company reduced the price of rails to the Lehigh Valley Railroad, on which road my works is located. The President of the Lehigh Valley would be in a very awkward position to go and buy his rails at a lesser price from a concern not on his road than he would from me, and he would be in a very awkward position not to buy the rails at as cheap a price as he could get them.

Q. Suppose that they reduced them to everybody, not merely to the Lehigh Valley, but everybody that wanted to buy rails.

A. I should not be inclined to do that.

Q. Would that bring about an awkward position?

A. No, but it would not be within my power to reduce them to everybody, to the people in the West; I mean you could reduce them to everybody for the Bethlehem Steel Company.

Q. That is what I am talking about.

A. But I would not do that, naturally; it would not be good business.

Q. That would produce an awkward situation, would it?

A. Well, it would for me.

Q. Would it not for the rail manufacturers generally in this country?

A. Oh, no, I am not speaking for them.

Q. I will ask you if you testified at the Tariff hearing in 1908, December 15th?

A. Yes.

Q. I will ask you whether or not these questions were asked and these answers were given by you, page 4943 of the Tariff Hearings, 60th Congress:

"The Chairman: Your question was whether there was any agreement about the price of $28 a ton.

"Mr. Schwab: There is not.

"The Chairman: Did I understand?

"Mr. Schwab: I have explained to you exactly.

"Mr. Randall: My question before that was this, that as he had, I understood, testified that it was not by agreement but by mutual consent as distinguished from agreement, that they had fixed the price. Then I asked him if that was considered by him a business proposition, that mere understanding.

"The Chairman: Let us go through with this.

"Mr. Randall: I am very sorry I am taking up the time of the Committee. I am not taking up very much time.

"The Chairman: We want to get through.

"Mr. Randall: I understand, but my people have to pay the tariff on this. There are a great many consumers of this article.

"Mr. Schwab: As I explained before, we had an agreement to maintain the price of rails along in 1896 and 1897, and then came the steel war, the great break in prices, and after it was all over, this was before the time of the Steel Corporation, the steel manufacturers got together and agreed to restore the price of steel rails.

"Mr. Randall: You need not go over that.

"Mr. Schwab: But that is an answer.

"Mr. Randall: I know, but I am asking you with reference to present conditions. I do not care how you came by it.

"MR. SCHWAB: Gentlemen, I came here to give you this thing freely and I will do it in my own way or not at all.

"MR. RANDALL: If you will answer my questions——

"MR. SCHWAB: You must permit me to answer them in my own way. I can not answer the direct question yes or no without an implied understanding that is wrong.

"MR. DALZELL: Go ahead.

"THE CHAIRMAN: Of course answer it as far as you please.

"MR. SCHWAB: I am going to give you the exact reasons. Then we got together as manufacturers and restored the price of rails to $28. Now there has been no manufacturer selling rails that would dare to change that price for fear of another steel rail war. That is true of every line of which I speak, that we had the same arrangements about.

"MR. RANDALL: Practically all lines of steel products?

"MR. SCHWAB: No, all lines of which I spoke, structural steel and steel products."

Now, I will ask you, Mr. Schwab, is it not a fact, as you are recorded as having stated there, that no manufacturer selling rails would dare to change the price for fear of another steel rail war?

A. I think that was perhaps the statement in substance, and yet my views could be modified. What I meant to say was this——

Q. First, let me ask you if you said that.

A. I did say that, yes.

Q. Now, you can modify it.

A. No, if you do not want any more information—was there anything you asked me about it?

Q. I do not want to cut you off.

A. That is all right. Then I have nothing further to say.

MR. LINDABURY: Of course you are entitled to make any explanation you desire now, Mr. Schwab.

MR. DICKINSON: I told him that.

MR. LINDABURY: I thought you did.

THE WITNESS: I did not so understand it.

By MR. DICKINSON:

Q. Oh, yes, of course I mean subject to exception, but I mean by that, that I do not want to cut you off from anything that would put you in——

A. What I mean by that is this: $28 is the established price for rails and has been for a long time. That is a price regarded by manufacturers and purchasers as fair and right. Now, to start to change that price would mean that other manufacturers, if I made the price $27.50, the Pennsylvania Steel Company would probably try to make it $27. The result would be that we would not be ultimately receiving a fair price for our products, and that would change an old and established custom and usage for fixing the price of rails.

Q. Did it not become $28 after the formation of the Corporation?

A. It had been before, and became so afterwards.

Q. Then there had been a break?

A. Yes, sir.

Q. And then it was established after the formation of the Corporation?

A. Yes, sir.

Q. Now, this price has been maintained regardless of the cost of making rails, has it not?

A. Yes, sir.

Q. You stated that it cost you more to make rails than the Corporation?

A. Quite so.

Q. How much more?

A. I do not know the Corporation's costs.

Q. Well, you stated in your testimony it cost you more.

A. Yes, I think it costs us four or five dollars a ton more

Q. If the Corporation——

A. (Interposing.) But I might also make an explanation there: That the reason it costs me more is because I have not the equipment or investment that the Corporation has.

Q. But it does cost you more?

A. In other words, with the rail mills and open hearth and the things I have, it costs me no more to do the same work than it costs the Corporation; but the Corporation has a lot of things that I do not have.

Q. They have railroads?

A. They have railroads and steamships and things that I do not have, in which they have their money invested, and upon which they must earn returns that I do not have to, and therefore they must make a lower cost for rails to make the same profit that I do.

Q. Does the fact of their having a railroad going from the ore region to the Lake ports give them an advantage over you in the making of rails?

A. It gives them an advantage in cost, if you figure their cost by taking the cost of transporting their ore; but if you take their cost at rates published, then they have no advantage, but they have all the advantage of cost in transportation.

Q. Do you mean to say that if they make a profit on carrying their ore that that does not enter into the cost of rails?

A. It would not if I were figuring it. I would give that profit to the railroad or the steamship company.

Q. Then suppose that went back into the pockets of the Corporation around another way. Ultimately, is it not true, Mr. Schwab, that owning a railroad or railroads from the ore region to the Lake ports gives an advantage to the Corporation over its competitors in making rails?

A. It gives it the advantage over the competitors in making rails of only the profit that they make on their railroad.

Q. Whatever that is?

A. Whatever that may be.

And for one other reason, that the railroad owned by the Corporation can be operated more economically and better than it could under any other condition.

Q. By a corporation?

A. By the Steel Corporation.

Q. Then that would make the profits greater, would it not?

A. It ought to.

Q. Then, to that extent, it could be operated——

A. (Interposing.) More economically.

Q. It could be operated more economcially, and that would increase the difference, would it not?

A. Quite so. It ought to.

Q. And does that apply to the other makers of rails,—that advantage?

A. If we had the railroad it would; but we have not.

Q. I know; but does the fact that the Corporation owns the railroad apply not merely to the Bethlehem Company but to all other makers of rails?

A. You mean the rate on their railroad?

Q. No; but the advantage they have by owning the railroad and the profits they make out of it?

A. Yes; that is natural. But if I owned a railroad from the seacoast to the Bethlehem works, then, as far as they are concerned, they would have no advantage over me.

Q. But you do not own it?

A. No. But that is because of the deficiency of my plant. I have not enough money to do that.

Q. How many competitors of the United States Steel Cor-

poration own railroads carrying the ore from the ore fields to the ports where it is put in the ships?

A. None.

Q. It is the only one that has that advantage, whatever that advantage is?

A. That is right.

Q. In what I read you occurs the following, which I will repeat, to get your mind addressed to it:

"There has been no manufacturer selling rails that would dare to change that price for fear of another steel rail war. That is true of every line of which I speak, that we have the same arrangements about."

What other lines did you have the same arrangements about?

MR. LINDABURY: To what page are you referring, Judge?

MR. DICKINSON: Page 4944. I will read a little further:

"MR. RANDALL: Practically all lines of steel products?

"MR. SCHWAB: No; all lines of which I spoke, structural steel and steel products."

A. Is that the same connection?

Q. I will show you this page, 4944, and you may just read it for yourself.

A. I suppose I had in mind there the fact that we had pool arrangements in the earlier days for making this price, and if any one changed it, it would not be the best thing for the business.

Q. That is, when you were referring to a rail war, it applied to rails and other things about which you had arrangements, such as structural steel?

A. Structural steel; that is the only interpretation I can put on it now.

Q. In December, 1901, was not from 80 to 90 per cent of all the steel produced in the United States made from ore in the Lake Superior district?

A. I have no definite data, but roughly, I think that is right.

Q. Was not that the standard ore, and the one steady source of supply at that time?

A. For the Middle West, yes; for the West and Middle West.

Q. Generally in the United States for that time, 1901?

A. It was the source of supply for from 80 to 90 per cent of the production of steel in the United States.

Q. How about 1902?

A. Well, I think there has been no very serious change.

Q. So that has continued, then, the source of supply for from 80 to 90 per cent of the steel production of the United States?

A. Until these last few years; I think that percentage has been decreased very much.

Q. By what?

A. By the Tennessee Coal & Iron. When I come to think of it, I think that 80 to 90 per cent is probably too high.

Q. You mean for what time?

A. Even from 1901, along these periods, because I did not think of the Colorado Fuel & Iron, or the Tennessee Coal & Iron, and the works in the East. Therefore I say I think 80 or 90 per cent. is high, when you consider the Colorado and the Tennessee. I think the works in the East, that purchase their supplies from abroad, like the Pennsylvania, the Maryland and the Bethlehem, would probably take from 10 to 20 per cent.

Q. How much was the Bethlehem drawing from abroad in 1901?

A. In tons?

Q. What percentage—yes, in tons.

A. I would have to calculate that.

Q. How much was the Pennsylvania in 1901 drawing from abroad?

A. I would have to refer to statistics.

Q. Did you know whether it was drawing any appreciable amount in 1901 from abroad?

A. I think so, yes; naturally. The Bethlehem occasionally made small purchases in this country, but their chief source of supply was from abroad.

Q. Can you state what the ingot production of the Bethlehem Company was in 1901?

A. I did not own it at that time, and I do not know. I wasn't connected with it.

Q. Wasn't it small compared with what it is now?

A. Yes.

Q. Wasn't the amount of ore used small, as compared with what it is now?

A. Yes.

Q. Wasn't the amount of ore used by the Bethlehem Company at that time very small in comparison with all that was used in the United States at that time?

A. It was.

Q. You say you now think that the percentage that you just gave, 80 to 90 per cent at that time, may have been too large a percentage? To what extent was it too large?

A. Not appreciable; maybe five per cent.

Q. So that substantially it was from 80 to 90 per cent?

A. Yes, it was.

Q. And is that so down to 1911? Was that so?

A. I think that percentage has gradually decreased.

Q. What would you put it at, for 1910?

A. When you ask me what I would put it at, it is a guess on my part, for I have not compiled any statistics.

Q. I understand.

A. And I should imagine perhaps 75 per cent of it.

Q. 75 per cent?

A. Yes.

Q. In 1901 what was the amount of tons of commercially available ore then known in the Lake region?

A. Well, I have no statistics as to that. It was generally put at something over a billion tons in the entire Lake Superior region.

Q. Are you basing that upon information you have now or from information you had at that time?

A. That was generally talked about at that time.

Q. May you not be mistaken?

A. I might, oh, quite.

Q. I will call your attention, to refresh your memory, to your statement made before the Stanley Committee, volume 18, page 1282, not for the purpose of contradicting, but merely to call it to your attention. In answer to a question, you put

in at the hearing a copy of an address which you made before a group of bankers in the City of Chicago on December 21, 1901, in which address the following appears:

"The steel industry to date"—that date was December, 1901—"has drawn its ores chiefly from what is known as the Lake Superior District in the Northwest. In fact, I believe I may safely say that from 80 to 90 per cent of all the steel produced in the United States is made from ores in this district. It is the standard ore and one steady source of supply, and as far as engineers can estimate, there are between 600,000,000 and 700,000,000 tons of ore now known in the Lake region. Geologists tell us that the possibility of future discoveries or new ranges is rather remote. The constituent companies of the United States Steel Corporation own, as nearly as we can estimate, from 75 to 80 per cent of all the known Northwestern ores, the value of which is very high."

Now, do you recall that you did make that address?

A. I do.

Q. Before the bankers of Chicago?

A. I do.

Q. You were then president of the United States Steel Corporation?

A. I was.

Q. You, no doubt, were giving them information to the best of your knowledge and belief at that time?

A. I was.

Q. Did this statement occur in that address?

A. I evidently believed that then.

Q. And your information then on the subject was fresher and nearer to the events than it is now?

A. Yes.

MR. LINDABURY: And even more optimistic.

By MR. DICKINSON:

Q. I will call your attention to your testimony before the Stanley Committee, as it appears in volume 18, pages 1290 and 1291. I will hand you the volume and mark that to which I wish to call your attention, but you can read all you want.

MR. LINDABURY: What are you asking him about?

MR. DICKINSON: About his testimony before the Stanley Committee.

MR. LINDABURY: What page?

MR. DICKINSON: Pages 1291 and 1292.

THE WITNESS: Yes.

By MR. DICKINSON:

Q. I have shown you the volume of your testimony, August 4, 1911, in which the following occurs:

"THE CHAIRMAN: Now, Mr. Schwab, you say that these concerns we have with us, like the United States Steel Corporation, the Cambria and the Pennsylvania, and the rest of them, will abide with us, but there will be no new concerns in the field."

A. Pardon me; I do not get that. The Stanley Committee?

Q. Yes; I have marked it.

A. I have got that, but it is with reference to the ore situation that you have marked for me. It is page 1291 you have marked for me.

MR. DICKINSON: It begins a little higher up on the same page, Mr. Schwab.

THE WITNESS: Yes.

MR. LINDABURY: What is the page?

MR. DICKINSON: 1291.

THE WITNESS: Right.

By MR. DICKINSON:

Q. I will read now that testimony:

"THE CHAIRMAN: Now, Mr. Schwab, you say that these concerns we have with us, like the United States Steel Corporation, the Cambria, and the Pennsylvania, and the rest of them, will abide with us, but there will be no new concerns in the field?

"MR. SCHWAB: I do not believe there will be any great development in iron and steel by new companies, but rather development by the companies now in the business.

"THE CHAIRMAN: Now explain that to us.

MR. SCHWAB: For the reason that the possibility of a new

company getting a sufficiently large supply of raw materials would make it exceedingly difficult, if not impossible.

"THE CHAIRMAN: In other words, a great concern like the Lackawanna, or the Cambria or the United States Steel Corporation must own vast ore reserves in order to justify the expenditure of an enormous amount of capital?

"MR. SCHWAB: Quite so.

"THE CHAIRMAN: And those ores which are now on this continent are owned or leased by the existing operating companies?

"MR. SCHWAB: Not all, but the great part of them.

"THE CHAIRMAN: There is not a sufficient quantity outstanding to justify anyone else going into the business.

"MR. SCHWAB: I do not think it is possible today, with the known ores, for anyone to get a sufficiently large reserve to justify the very great expenditure of capital necessary to successfully manufacture. But, Mr. Chairman, I would like to qualify that by saying there are large well known deposits, for exemple, on the West Coast of Mexico, that may be made available by the Panama Canal and cheaper transportation later on. I do not want to make that statement absolute, but I say the chances are against such development."

Did you give that testimony, Mr. Schwab?

A. I did, and I had in mind at that time the development of the iron and steel industries, which would draw their supplies from the Northwest rather than from the East. I must make that qualification because that is what we were then discussing, or rather the coast, where they could draw them from abroad.

Q. From abroad, well, you mentioned that, did you?

A. I know. I want to make that clear. But when I spoke of the difficulty of a concern as large as the Steel Corporation, which to my mind is the only one which can economically operate to the greatest economical advantage, it would find it difficult today to get sufficient ores in the Northwest or that location for the development of an industry of that magnitude.

Q. Would it not be impossible——

A. Well, that is what I say; it would be impossible.

Q. For a concern integrated like the United States Steel

Corporation, with the variety of products which it makes, the amount of products that it makes and exports in foreign business—I say, would it not be impossible for another concern of equal strength and magnitude and facilities for carrying on foreign business to get the ores in this country?

A. In this country, I think it would, from the ores now known.

Q. Now known?

A. Yes.

Q. That was true, was it not, in 1901?

A. I think so, yes.

Q. Even more manifestly true then than now?

A. I think so, because——

Q. Then, Mr. Schwab, with the facilities that the Corporation had under the bringing together of these various concerns in 1901 with the ores they controlled, the railroad transportation, the capacity for the output of ingots upon which the steel industry is based, was it possible thereafter to form in this country any other concern as well equipped for carrying on the export business?

A. You might, as well equipped, but not to the same extent, in my opinion.

Q. As well equipped, but not to the same extent?

A. No. You could build a works in each of these branches of business that the Steel Corporation have in a lesser degree, but not to the extent that they have.

Q. Could any other concern in this country, after the formation of the Corporation, have gotten ores in the Northwest or in the United States to manufacture products anything like to the same extent that the Steel Corporation was manufacturing them?

A. I only want to say that if I live and have money enough, the Bethlehem Steel Company will ultimately make every product that the United States Steel Corporation makes.

Q. I am asking you about 1901. Was it possible for any combination to have gotten, after the formation of the United States Steel Corporation, ores and railroads operating to the ores and concerns with the same capacity of products to an extent comparable to the Steel Corporation?

A. They could have built the works, and a new company

could have built the railroads; but I doubt if they could have had a sufficient reserve of ore to justify that expenditure of capital at that time.

Q. Could any concern at that time, or any time, down to 1910, have done so? If so, just state where the sources would have been.

A. They could not have done so if they were to draw their supplies from the Northwest. They could have done so if they had built in the East and drawn their supplies from abroad.

Q. The Northwest, however, from 1901 down to 1910, supplied the ores which were the base of the steel industry in this country?

A. It has, for all the steel required in the West and Middle West; for the greater part of the steel required in the West and Middle West.

Q. You are now informed as to the date of the dinner that was given to you by Mr. Simmons?

A. We have been informed, yes.

Q. What was the date?

A. It was the 12th of December, 1900.

Q. Was that before or after the meeting that you have already testified about, in regard to the statement made by Mr. Steele about the tube business?

A. The record will show that.

Q. What was the date of that?

MR. LINDABURY: Some time in November of that year.

THE WITNESS: The meeting with Mr. Steele was in November.

By MR. DICKINSON:

Q. So that this dinner—

A. (Interposing.) Was after.

MR. COLTON: The date of the minutes was the 6th of November It must have taken place prior to that.

MR. SEVERANCE: That was the minutes of the meeting at which he reported the meeting.

By MR. DICKINSON:

Q. The interview was prior to this dinner?

A. The interview with Mr. Steele was prior to this dinner.

Q. Yes. And at that time the question came up about the interest manifested by the Morgan people in the possible competition that you were going to establish at Conneaut?

A. Yes.

Q. Did Mr. Carnegie, so far as you know, have anything to do with getting up this dinner?

A. Not as far as I know.

Q. Was he at the dinner?

A. He was there for a few moments only. He had some other engagement for the evening, and came in and remained for twenty minutes or half an hour, and went away.

Q. Who proposed the question of the sale of the Carnegie works first, Mr. Morgan to you or Mr. Carnegie to you?

A. I talked about it with Mr. Morgan before I went to Mr. Carnegie, at this special time. I went to Mr. Carnegie to get a price for it; after my talk with Mr. Morgan I went to Mr. Carnegie to get a price.

Q. At the suggestion of Mr. Morgan?

A. Yes; as a result of our mutual talk.

Q. Had Mr. Carnegie at that time ever asked you to sell to Mr. Morgan?

A. No, sir.

Q. Mr. Schwab, in this consolidation there was represented the Federal Steel Company. Had Mr. Morgan been identified with the Federal Steel Company?

A. I think so, yes.

Q. Was he interested in it?

A. I can not speak for that; I do not know. He was generally credited with being interested in it, but I have no definite personal knowledge of his interest in it.

Q. Was it not generally known, and a notorious fact, that he was?

A. It was generally believed that he was.

Q. Judge Gary was connected with the Federal Steel Company, was he not?

A. Yes.

Q. And Mr. Bacon?

A. Yes.

Q. Mr. Morgan was identified at that time with the Amer-

ican Bridge Company, was he not? Had he not formed the American Bridge Company?

A. To the best of my knowledge, he had.

Q. J. P. Morgan & Company?

A. Yes.

Q. Was not Mr. Steele connected with it?

A. With Mr. Morgan?

Q. Yes.

A. He was a member of the firm of J. P. Morgan & Company, to the best of my knowledge.

MR. LINDABURY: No.

THE WITNESS: Was he not?

MR. LINDABURY: Did not Mr. Steele come in just a little later?

THE WITNESS: Mr. Steele was in with Morgan & Company.

By MR. DICKINSON:

Q. He was with Morgan & Company?

A. Yes, I think so.

Q. You have spoken of an interview that you had with Mr. Steele in November, which was prior to the formation of the United States Steel Corporation.

A. At that time I saw Mr. Steele at Mr. Morgan's office.

Q. Yes. J. P. Morgan & Company were also in the National Tube?

A. Of course I give you this only from general knowledge. I have no definite knowledge of these things.

Q. You talked with him about putting these things together?

A. I did.

Q. You knew at that time, did you not, that he was interested in the National Tube?

A. It was general knowledge, of course, but I have no definite knowledge of that.

Q. You mean you did not hear him say it? Was it not, however, a matter of general knowledge?

A. Of general knowledge.

Q. And you had that general knowledge?

A. Quite so.

Q. What were known as the Moore concerns at that time?

A. The National and the Tin Plate and the Sheet.

Q. And they were all brought in under this arrangement?

A. They were.

Q. What was known as the Rockefeller concerns?

A. That was the ore.

Q. The ore?

A. Yes.

Q. And they came in under this arrangement?

A. At a later date.

Q. Do you know Mr. Widener?

A. I do.

Q. Did he become a director of the Corporation?

A. He did.

Q. Mr. Widener was identified with the tobacco interests, was he not?

A. I do not know.

Q. You do not know that?

A. No.

MR. LINDABURY: The tobacco company did not come in.

By MR. DICKINSON:

Q. You were president of the Carnegie Company?

A. I was.

Q. You came in and became president of the Corporation?

A. I did.

Q. Did you know Mr. H. H. Rogers?

A. I did.

Q. With what interest was he identified?

A. The Standard Oil Company, to the best of my knowledge.

Q. And he became a director of this corporation?

A. He did.

Q. So there you combined the interests of J. P. Morgan & Company, the Carnegie Company, the Rockefeller interests, the Standard Oil Company, and the Moore interests, did you not?

A. Well, if you so express it. The interests are clearly just what I have told you.

Q. Yes. Now, Mr. Schwab, outside of those interests, what interest in the United States financially was comparable in

strength with either J. P. Morgan & Company or Rockefeller or the Standard Oil Company or the Carnegie people?

A. What interest was comparable in strength?

Q. Yes.

A. I do not understand that question.

Q. Financially?

A. Oh, financially. I would not be competent to pass upon that.

Q. You knew, did you not——

A. (Interposing.) I knew they were very strong, unquestionably.

Q. These people were very strong?

A. Yes. I would not like to compare them with other interests. I do not know.

Q. Can you mention anybody outside of these interests at that time in the United States that financially was comparable in strength?

A. As individual interests?

Q. As individual interests or acting together. I mean any other persons acting individually or in any combination outside of these?

A. Judge, my opinion upon that subject would not be of any value at all. I have not any.

Q. You were president of the Carnegie Company?

A. Yes.

Q. You became president of the Steel Corporation?

A. I did; but my duties were not in connection, in either of these corporations, with financial matters, but rather with practical affairs.

Q. You are pretty familiar with the general history of this country, are you not?

A. Yes; but not sufficiently familiar to pass upon the financial strength of these people.

Q. Was it not a notorious fact that J. P. Morgan & Company financially was one of the strongest interests in the United States?

A. That was generally believed, yes.

Q. And the Standard Oil Company was one of the strongest?

A. They were a very large concern.

Q. And the Carnegie Company was one of the strongest?

MR. LINDABURY: I want to enter an objection to these inquiries as entirely irrelevant and based upon the theory that J. P. Morgan & Company and Rockefeller and the Standard Oil Company and Mr. Carnegie became partners in this enterprise, and put their individual fortunes in it, whereas they merely sold an interest which they had, among hundreds of other interests, in various other industries.

By MR. DICKINSON:

Q. Did not all of them either get bonds or stocks in this concern?

A. I have no means of knowing.

Q. Mr. Carnegie got bonds, did he not?

A. He did.

Q. And you got bonds and stocks both, did you not?

A. I did.

Q. Did not J. P. Morgan & Company get stocks?

A. I do not know anything about that.

Q. Did not their concerns go into this combination?

A. What do you mean by their concerns?

Q. The National Tube and the American Bridge Company?

A. Yes.

Q. And the Federal Steel Company?

A. Those concerns went into the Corporation.

Q. When I was interrupted, I was asking you to name any other concern in the United States that was of financial strength comparable to either J. P. Morgan & Company, the Standard Oil Company, the Carnegie Company or the Rockefeller interests.

MR. LINDABURY: I object to that question, first because it is utterly irrelevant and second because the witness has stated over and over again that he cannot answer any such questions as that.

By MR. DICKINSON:

Q. If there were any, you do not know it, do you?

A. I could not answer that. I have no opinion.

Q. You can answer as to whether you know?

A. I know, in a general way, that these companies were

regarded as very strong concerns. That was general knowledge.

Q. If there was any other financial concern in the United States comparable in strength at that time either to the Morgan interests, or the Rockefeller interests, or the Carnegie interests, can you state it?

A. I could not do so, no sir.

Q. If there was such a person or firm or combination, you do not recall it?

A. I do not know it.

Q. Do you know how many million tons were contained in the properties of the Consolidated Mines?

A. I do not recall. I do not know that it was made a matter of record. It seems to me we had in our minds—the Consolidated?

Q. The Lake Superior Consolidated Mines.

A. That was Rockefeller?

Q. Yes.

A. I do not recall it. I did, but I do not remember.

Q. Do you know what was paid for it?

A. I do not recall even that. Those matters are all matters of record long ago, and having no further interest for ten years, they have naturally escaped my memory.

Q. I will read to you from Volume IX of the transcript of record, pages 3688 and 3689, a stipulation entered into in this case as follows:

"It is stipulated by and between the petitioner and the defendants John D. Rockefeller and John D. Rockefeller, Jr., that in March, 1901, John D. Rockefeller, owning about twenty-five twenty-ninths of the capital stock (represented by trustees' certificates) of Lake Superior Consolidated Iron Mines, at which time that company had outstanding capital stock of the par value of $29,424,594, reached an agreement with J. P. Morgan & Company, acting for United States Steel Corporation, to sell the stock in said company then owned by him to J. P. Morgan & Company, acting for said Steel Corporation, for a price reckoned on the basis of $48,000,000 for the total outstanding stock of said company; that thereafter, and on March 15, 1901, it was agreed between John D. Rockefeller and J. P. Morgan & Company, acting for said Steel

Corporation, that said price for Mr. Rockefeller's stock would be paid and discharged by delivering to him stock of the United States Steel Corporation, as follows:

> For each share of stock (par value one hundred dollars) of the Lake Superior Consolidated Iron Mines 1.35 shares of the Preferred stock of the United States Steel Corporation, and 1.35 shares of the Common stock of the United States Steel Corporation;

that at that time the market price in New York City for said stock of the Steel Corporation was eighty-three per centum for preferred stock and thirty-eight per centum for common stock, and that John D. Rockefeller made it a condition of his sale of any of his stock that said Steel Corporation should immediately offer the same terms to all other stockholders of Lake Superior Consolidated Iron Mines."

Now, do you know whether or not the prices stated there in figures are correct?

MR. LINDABURY: Do not answer that question. I object to counsel reading to the witness a stipulation in which the Steel Corporation refused to unite, made between the Government and other defendants in this case, with regard to a matter that this witness said he had nothing to do with, and about which he can have no possible information except what is merely hearsay, if he has any at all.

MR. DICKINSON: I object to counsel telling his own witness that he can not have any information except hearsay, as being in effect a construction and suggestion to the witness as to an answer.

MR. LINDABURY: I base it upon his already given testimony, that he had nothing to do with the transaction.

By MR. DICKINSON:

Q. What do you say to the question?

A. Really, I had nothing to do with that transaction; absolutely nothing.

Q. I show you the testimony you are recorded as having given before the Industrial Commission, Volume XIII, page 455, and ask you to read the part designated (handing witness book). Have you read that, Mr. Schwab?

A. I have. It is marked with a pencil?

Q. Yes.

A. Yes; I have read it.

Q. Beginning two paragraphs above what I showed you I read. This testimony was given on May 11th, 1901.

A. Right.

Q. That was after the formation of the Corporation?

A. Yes.

Q. (Reading):

"Q. About what percentage of the product of the constituent companies of the United States Steel Corporation has been exported during the last year?

"A. I could not give you those figures. I do not know what they are. I have not compiled them as yet.

"By Mr. Phillips:

"Q. Can you give the per cent of the Carnegie Works?

"A. Well, I could figure it out. I know the Carnegie people exported 70 per cent of all the steel exported, but I could not give you the tons. I do not remember. I will furnish you with data, if you would like me to do so, if you will make a memorandum of that. I do not like to guess at it, and I do not know.

"Q. You spoke of the per cent of the steel industry that the Carnegie Company controls. Could you give the Commission about the per cent of the whole steel industry that the United States Steel Company controls?

"A. Well, yes; I think it is between 65 and 75 per cent. It will vary with times. I think in very prosperous times the percentage will be smaller. In very dull times it will be very much larger.

"Q. Would you consider that per cent sufficient to make what would be called a monopoly of the business?

"A. No, I do not think so."

Now, did you give that testimony, Mr. Schwab?

A. To my best recollection.

Q. I will go on:

"Q. You do not think 75 per cent of an industry would enable the company to fix its prices absolutely?

"A. No, I do not think so, especially when there is not a

great demand these prices are naturally fixed whether there is a consolidation or not, in times of great demand. In times of great depression the chances are that when we take anything like 70 per cent of the business, the company would be unable to fix the prices. It is when the demand is such as would enable everybody to run full that you can get better prices, and that would naturally occur whether you are consolidated or not."

Now, on page 465; have you that page?

A. Yes.

Q. Under the head "Can prices and so forth be dictated."

A. Yes.

Q. (Reading):

"Q What have you to say to the public expression that the United States Steel Corporation, controlling 80 per cent of the steel manufactured product of this country——

"A. (Interrupting.) Seventy per cent.

"Q. Controlling 70 or 75 per cent can dictate the price for Europen manufacturers?

"A. I do not know about that. I think manufacturers here did that before the formation of the United States Steel Corporation just as extensively and they will probably do it now. I think it likely that export business will be greater in volume in the future than in the past, because some of the smaller constituent companies had not been organized as some of the larger ones have been conducting export business. The percentage they would have exported would have been so small it would not have justified their establishing extensive foreign agencies for doing this business. Now that will probably be done through a consolidation of foreign agencies and a greater tonnage will be taken."

A. That was in line with my thought.

Q. Wait a minute. (Reading):

"Q. You do fix the price for the home consumer?

"A. No, I think I explained that to the Chairman. It does not require over 30 per cent of capital in any kind of business, I think, to control; because a man owning thirty or forty per cent of that can usually collect about him enough people who think as he does to direct the policy, therefore I do not think 70 per cent can absolutely fix the policy."

THE WITNESS: That seems contradictory, but I can explain it.

Q. I will ask you whether or not you gave that testimony?

A. I did, but I do not think that is correctly reported in that instance.

Q. That last phrase?

A. That last phrase.

Q. But is the other correctly reported?

A. So far as I know it is.

Q. Does it accord with the facts as you understood them at that time?

A. Except that phrase.

Q. Except that phrase?

A. Yes; and I would like to explain this last answer.

Q. You may explain that last answer if you want to.

A. What I meant by that last phrase was evidently this, that seventy per cent of the output of a country, as in steel, could not fix the price, but with reference to the thirty per cent, I referred to the capital stock of a company; that a man owning thirty per cent of the capital stock of a company could usually control the same.

Q. Had anything been said during your examination up to that time, about capital stock?

A. I do not remember, but whatever was said that was in my mind, I am sure; because the statement is so manifestly contradictory.

Q. I call your attention to the difference between directing the policy and fixing the price.

A. Yes.

Q. May there not have been that difference?

A. I do not know the purpose of that last suggestion, of speaking of thirty per cent controlling the policy, but what I do know and what I want to say is that I still believe that any corporation like Steel, any company like Steel, controlling seventy per cent of the product, could not fix the price. That is well——

Q. How about directing the policy?

A. What I meant to say was, if I owned thirty per cent of the Steel Corporation's stock, you would probably find

that would be sufficient to control it. That is what I mean.

Q. But there is nothing previously said about stock.

A. That may be, but that is what I meant.

Q. And you made no explanation of that sort then.

A. I do not know whether I did, but there is none recorded.

Q. There is none recorded?

A. No. Judge, in that same paragraph, may I say something more?

Q. Yes.

A. I would like to call attention to what I said at that time about exports.

Q. Do you mean that is not recorded here?

A. It is.

MR. COLTON: It is there.

THE WITNESS: Yes.

By MR. DICKINSON:

Q. All right, you say you do want to call attention to it?

A. No; it is all right. You read it, it is there.

Q. Mr. Schwab, I will ask you if standard ores in the Lake Superior region, averaging 60.81 per cent of iron and .038 phosphorus are commercially available ores?

A. Let me have the analysis again.

Q. Said average analysis being for said ores, dried, at 212 degrees Fahrenheit.

A. Now the analysis?

Q. 60.81 of iron and .038 of phosphorus.

A. If that is good ore?

Q. The question I would like to have you answer as I put it is whether it is commercially available ore.

MR. LINDABURY: Now let us have the question.

(The question was read as above recorded.)

A. Do you mean those ores can be secured now commercially?

Q. No, for manufacturing purposes.

A. Whether that is a good ore for manufacture?

Q. Yes.

A. Undoubtedly it is.

Q. With that explanation of my meaning, I will go on. Are standard ores in the Lake Superior region averaging iron 60.60 per cent and phosphorus .041, commercially available ores, said average analysis being for said ores dried at 212 degrees Fahrenheit?

A. That is a good commercial ore. I do not understand the way it is put—commercially available.

Q. I mean it is a good ore for manufacturing iron?

A. Yes. Commercially available, I thought might mean whether it can be made possible for manufacture.

Q. No.

MR. LINDABURY: That would involve the question of the cost of getting it out of the ground, commercially available.

THE WITNESS: That is right.

By MR. DICKINSON:

Q. Now, you understand the explanation of what I mean?

A. Yes; whether an ore of that kind is a good ore for manufacturing purposes.

Q. Yes.

A. It is.

Q. And they are good ores?

A. They are good ores.

Q. Are standard ores in the Lake Superior region averaging iron 60.79 per cent and .039 phosphorus good ores, said average analysis being for said ores dried at 212 degrees Fahrenheit?

A. They are.

Q. Are standard ores in the Lake Superior region averaging iron 57.29 and phosphorus .076 commercially available ores, said average analysis being for said ores dried at 212 degrees Fahrenheit?

A. It is a practical ore, but I would not call it a good ore like the others; it is not a Bessemer ore, it is available——

Q. Well, are said ores being used now?

A. Yes, they are.

Q. Is that higher or lower than the average ore of the Lake Superior district?

A. I think it is higher.

Q. Are standard ores in the Lake Superior region aver-

aging 57.06 iron and .086 phosphorus commercially available ores, said average analysis being for said ores dried at 212 degrees Fahrenheit?

A. They are.

Q. Are standard ores in the Lake Superior region averaging 57.25 per cent iron and phosphorus .079 commercially available ores, said average analysis being for said ores dried at 212 degrees Fahrenheit?

A. They are.

Q. Are standard ores in the Lake Superior region averaging iron 58.41 and phosphorus .056 commercially available ores, said average analysis being for said ores dried at 212 degrees Fahrenheit?

A. They are.

Q. Are standard ores of the Lake Superior region averaging iron 60.81 and phosphorus .038 high grade ores said average analysis being for said ores dried at 212 degrees Fahrenheit?

A. They are.

Q. Are standard ores of the Lake Superior region averaging iron 60.60 and phosphorus .041 high grade ores, said average analysis being for said ores dried at 212 degrees Fahrenheit?

A. They are.

Q. Are standard ores of the Lake Superior region averaging iron 60.79 and phosphorus .039 high grade ores, said average analysis being for said ores dried at 212 degrees Fahrenheit?

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A. They are.

Q. Are standard ores of the Lake Superior region aver-

aging iron 57.25 and phosphorus .079, high grade ores, said average analysis being for said ores dried at 212 degrees Fahrenheit?

A. They are.

Q. Are standard ores of the Lake Superior region averaging iron 58.41 and phosphorus .056 high grade ores, said average analysis being for said ores dried at 212 degrees Fahrenheit?

A. They are.

(Whereupon a recess was taken until two o'clock p. m.)

AFTER RECESS

CHARLES M. SCHWAB,

the witness under examination at the taking of recess, resumed the stand.

CROSS EXAMINATION (Continued)

By Mr. Dickinson:

Q. You testified in regard to trade wars, and the destruction of the small and the weak, and you were asked what percentage of them emerged from the different steel wars in the old days, these small fellows, and you answered "I do not know." Then there was a question "Not many?" and you answered "Not many." "There were more gravestones than there were live competitors?"

A. Did I say that?

Q. No, you said "yes."

A. I know I did not say "more gravestones than live competitors."

Q. You did say so, because you said "yes."

A. I answered the question, yes.

Q. I want to take up some of those gravestones for different years, and I would like to know what years you meant when you answered that question.

A. I had no definite year, nor had I any definite company

in mind, nor have I now. I answered then as to a general impression, and I assented, yes, as I did to a great many things that you asked me.

Q. That was asked by your own counsel—not by counsel for the Government. At any rate, that answer was inadvertent, I assume?

A. Yes; I do not think it ought to be seriously regarded.

Q. Have you answered me anything that you have not regarded seriously? If you have, I would like you to mention it right now.

A. No, I have not.

Q. Then, you can not now give the years of any particular wars, or the desolation, or the percentage of those who went down in any such contest?

A. I could not.

Q. Then I will not ask you any further. State whether the Bethlehem ceased to make rails between 1898 and 1901.

A. I could not tell you the year, but it was somewhere along there.

Q. It did cease?

A. It did cease.

Q. Did the Lackawanna move its plant, and if so, where?

A. About that same period.

Q. To Buffalo?

A. They did.

Q. Did the Pennsylvania manufacture rails constantly, or cease for a while?

A. I do not remember that they ceased. I do not remember.

Q. Were you a director in any subsidiary companies of the United States Steel Corporation after you gave up the presidency of the Corporation, and if so, which ones and for what periods?

A. I do not remember; I may have been on the directorates, but I have not attended any of the meetings, to the best of my knowledge.

Q. Which ones?

A. I do not know which ones I was on, but some of the minor companies I think I was a director on, after I left the Corporation, and am probably even now.

Q. How about the Carnegie?

A. I do not remember whether I was a director there or not, after I resigned the presidency of the Steel Corporation.

Q. You think you are probably a director now in some of them?

A. I am probably a director in some of them even now. If I have been on the directorates, I have taken no active interest or participation.

Q. You were asked about during the time of your presidency of the Steel Corporation, in regard to ore properties being recommended by you to the Corporation to be purchased?

A. Yes.

Q. And about a great many of them being declined?

A. Yes.

Q. Can you name any of those that were declined that were not subsequently bought by the Corporation?

A. I could not name any of them today by name. As a matter of fact, they didn't have names, and I could not tell you of any specific property. I think the records of the Corporation will show from time to time when they were discussed, many of them.

Q. But you were speaking in a general way in regard to that?

A. I do know this, that Mr. Gayley, vice-president then of the corporation, and myself and Mr. Cole very frequently advised the purchase of ore properties then being developed in the Northwest, which our executive committee refused, turned down, in other words.

Q. And you can not name any of them now?

A. I could not tell the names.

Q. Or their location?

A. They were all in the Northwest.

Q. But I mean the exact location.

A. I could not do that.

Q. Or the price at which they were offered?

A. No; it is too long ago, and there are too many dates.

Q. Can you state whether there were any of those to which you have referred in this general way that were not

acquired afterwards in connection with Canisteo or Chemung, or the Hill leases?

A. I could not answer that; I do not know.

Q. Or the Walker properties?

A. I could not answer that; I do not know.

Q. Mr. Schwab, what ores from New York State, in per cent, were used in the manufacture of iron and steel in the United States for the year 1901?

A. I could not possibly answer that.

Q. Was it an appreciable percentage in comparison with what was used from the Lake Superior region?

A. From New York State? I would hardly know how to arrive even at a wild guess about that. In 1901?

Q. Yes.

A. I could not say.

Q. How about 1902?

A. Or any of those years. I have no means of knowing the amount of ore from New York State.

Q. Or whether the amount from 1901 down to October 26, 1911, as compared with the ores used from the Lake Superior region was an appreciable percentage?

A. It was an appreciable percentage.

Q. What would you call an appreciable percentage?

A. I know one company that takes out one million tons a year.

Q. What year are you speaking of?

A. This year.

Q. I did not ask you about this year.

A. As to 1901 I could not give you any data.

Q. Or 1902?

A. Nor any of those years. I could not give you any data.

Q. How about 1903?

A. I tell you, frankly, that I cannot give you any data about those properties during a period at which I was not specially interested.

Q. Could you give it for 1910?

A. Yes.

Q. What was taken out in New York for 1910; what percentage of ore?

A. I could not tell you.

Q. What tonnage, then?

A. I can tell you of one property in which I had an interest and means of knowing.

Q. With respect to the year 1910?

A. With regard to 1910, yes. I can only speak of the properties with which I have been connected, or at least concerning which I have some information. I speak of the Witherbee-Sherman properties. In 1910 they took out between eight and nine hundred thousand tons. That is one. I could not give you definite information about the other properties, but it was an appreciable amount, and it is a matter of record and statistics. I am sure you can determine it.

Q. As to eastern Pennsylvania for 1901: Do you know whether an appreciable amount was taken out?

A. There was.

Q. Do you know what the amount was?

A. I could not tell you.

Q. What would you call, then, an appreciable amount in the year 1901?

A. What I call an appreciable amount is something over half a million tons. I would call that an appreciable amount or a million tons.

Q. Will you say that as much as half a million tons was taken out in Pennsylvania for the year 1901?

A. I should think it was.

Q. Do you know?

A. No.

Q. How about 1902? Do you know whether that much was taken out then?

A. I do not know any of these years definitely. I am only giving you my best opinion and guess.

Q. Leaving out Alabama and the Lake Superior region, what was the percentage of all the ores taken out in the United States for any year from 1901 to 1910?

A. I could not give you any estimate that would be worth anything about that, or any opinion. Some of the people who have statistics as to these things could give you accurate information; they are all available.

Q. I believe you have stated, however, that the Lake Su-

perior ores were the basis of the Steel Industries in the United States from October, 1901, down to October 26, 1911?

A. I think that is correct; that is, for the steel industries for that district. They were not the basis for the steel industries in the East or in the far West or in Alabama. They were the basis for the steel industries in that district.

Q. How did that district compare, leaving out Alabama, with the districts in the East?

A. It was much the largest

Q. How much larger?

A. I suppose it was 75 per cent. I think I stated that this morning.

Q. Of the whole United States?

A. Yes. I would like to say, Judge, that I do not pretend that these percentages which I give you are accurate from my knowledge, but they are my best opinion.

Q. You have stated that over and over again?

A. Yes. I only want to be sure about that.

Q. What about the ores from Spain that were brought into this country during the year 1901, and down to 1911. Was that an appreciable amount? If so, what would you say was an appreciable amount in the sense in which you answer that question.

A. I cannot tell you much about the Spanish ores. They have decreased in recent years. They were more in the earlier years than recently.

Q. What percentage of all the ores used in the United States do the ores from Sweden amount to?

A. The ores from Sweden shipped in here at the present time?

Q. No; during those years I mentioned.

A. I cannot tell you about that. I can only tell you as to the present time.

Q. I am not asking you about that.

A. No.

Q. Now, as to the ores from Canada during the time I spoke of. Can you tell us anything about them?

A. No. I have never used them.

Q. From Newfoundland and Nova Scotia?

A. I do not know about that.

Q. You have spoken, Mr. Schwab, about ores from foreign countries, especially those from Cuba and Chile and Brazil and Mexico.

A. Yes.

Q. You have been to Chile, have you?

A. Never.

Q. You know that country, do you?

A. Without having been there I know as much as is possible to acquire by general knowledge.

Q. Have you had any engineers there?

A. Oh, yes.

Q. Do you know anything about the nitrate beds of Chile?

A. Only in a general way.

Q. Do you know whether there is an export duty there?

A. I do.

Q. And that Chile raises its main revenue from its export duty?

A. I do.

Q. If Chile or Mexico or any of the South American states, or Cuba, should levy an export duty on iron ores, how would that affect the iron industry in the United States?

A. If that export duty was high enough, of course it would preclude their use. If it were a high duty, it would be impossible for us to use them.

Q. And that, of course, would depend upon the action of those nations.

A. Certainly. It has not been the history of foreign nations exporting iron ore to place an export duty thereon.

Q. Not yet?

A. No.

Q. It would be affected also by the tariff in this country, would it not?

A. Certainly.

Q. Which now tends towards free trade, does it not? I say, the tariff is now tending towards free trade.

A. It seems to be.

Q. If it should swing back the other way to any appreciable extent, that would affect the iron industry in this country, would it, so far as prices and the making of steel products in comparison with those concerns who look to this country for their ores?

A. Undoubtedly.

Q. What was the tariff on ores to this country in the old Carnegie days?

A. That is a matter of record.

Q. As much as 40 cents, was it?

A. Something like that; I think it was 40 cents.

Q. Do you know what the total tonnage brought from Cuba to this country during the year 1910 was?

A. I should imagine between 800,000 and 1,000,000, tons; that is my best estimate. I do not know.

Q. There are two kinds of ore there, the southern ores—

A. And the northern ores.

Q. And the northern ores?

A. Yes.

Q. Are the southern ores so deposited that they are as capable of estimation as the northern ores?

A. As to the tonnage, no.

Q. Is that a matter of guesswork, as to the amount?

A. As to the tonnage of southern ores, it is. Not the northern ores; they can be very definitely determined.

Q. What is the iron content of the southern Cuban ores?

A. From 60 to 62 per cent.

Q. Is that in the wet or dry state?

A. They are dry ores.

Q. They are dry ores?

A. They do not contain much moisture. You said the southern?

Q. Yes. How about the northern ores; are they wet or dry ores?

A. They are very wet ores.

Q. What is the iron content of those?

A. In their natural state?

Q. Yes, in their natural state.

A. From 40 to 45 per cent.

Q. And dried to 212 degrees Fahrenheit?

A. From 51 to 54 per cent.

Q. How are those ores dried; to what degree of Fahrenheit?

A. Oh, they are incinerated or nodulized and dried by the

same process; the incineration gets to a rather high degree, I suppose to 1,000 degrees.

Q. When were you in the Lake Superior region?

A. I do not think I have been there for ten years.

Q. Then you have not been familiar with them in the last ten years?

A. No, sir.

Q. Can you give a statement as to the amount of available commercial ores?

A. I can not.

Q. For any period since you left?

A. No, sir; I have not been interested in them, and I am not familiar with them.

Q. You have not examined any data?

A. No.

Q. And can not answer any questions about that?

A. No, I really can not.

Q. Mr. Schwab, did you make any personal estimate of the ores in northern Cuba?

A. You mean me personally?

Q. Yes.

A. My engineers have.

Q. And what you have stated is just second-hand information?

A. It would not be possible for me to make any personal examination.

Q. You have not been speaking of your personal knowledge of that, then?

A. Not at all.

MR. DICKINSON: Then we except to the testimony he has given on that as being hearsay.

THE WITNESS: That was the reports of my engineers, that I am basing my information upon.

By MR. DICKINSON:

Q. And you have only been speaking from your general recollection as to those reports?

A. Yes.

Q. And based entirely upon that?

A. Yes.

Q. Did you attend all the meetings of the structural committee that was appointed after the first Gary dinner, and if so, state where those meetings took place and who were present at each of those meetings.

A. I think I attended all the meetings. I do not know of any that I did not. They were usually held at luncheon time at the Railroad Club in New York City. Is it the Railroad or the Transportation Club?

MR. BOLLING: The Railroad Club.

By MR. DICKINSON:

Q. Were you out of the city or in Europe at any time during the period of those dinners?

A. I might have been, but I do not recall.

Q. When you say you attended them all, you are not speaking positively?

A. No.

Q. You mean when you were here?

A. Yes. I was chairman of the structural branch, and therefore I think it likely that I attended the meetings.

Q. When you were here?

A. Yes.

Q. But you are only speaking from probability?

A. Yes.

Q. And not from positive recollection that you did attend all of them?

A. No, I could not say that.

Q. Who is your agent for selling structural steel at Bethlehem?

A. At Bethlehem?

Q. Yes.

A. Mr. Blakely, George Blakely.

Q. For how long?

A. Six or seven years.

Q. Did he attend any of the meetings of any of these sub-committees?

A. No, sir; not to my knowledge.

Q. Was there any other person who would have attended from Bethlehem at any time, except yourself, in case of your absence?

A. Not likely.

Q. But you do not recall now positively?

A. I do not recall.

Q. Did you have a call from Mr. Gates asking you to go to see Mr. Morgan?

A. A telephone call.

Q. When he first called you, did you tell him that you could or could not go?

A. I think I told him at first that I would not go, that I did not desire to go.

Q. Did he ask you after that to go to Philadelphia?

A. He did.

Q. And you went to Philadelphia?

A. I went to Philadelphia, and the same day right to New York.

Q. Then, on account of information that Mr. Morgan was not well, you came here?

A. Yes.

Q. How many hours did you spend with Mr. Morgan at the time you and he went over this plan that you had been discussing?

A. That would be a hard thing to guess, but my recollection is that it was six or seven hours, at the first interview.

Q. And then at the next one?

A. I could not tell you; I do not know. We had a good many.

Q. What did you do at the first interview?

A. How do you mean; what did we discuss?

Q. Yes.

A. I think I testified to that the first day of the hearing here.

Q. I do not know that you drew a distinction between the first and the second.

A. It would be difficult for me to detail what we did discuss, beyond giving you a general impression of what remained in my mind after the discussion, and that was a discussion of the industry, the whole steel industry, what we regarded as an ideal company to develop that industry to its utmost, the necessity for every branch of the industry being represented in such a company, and the economies to be obtained from the formation of such a company. I think that is about the substance of it.

Q. When you left that interview, hadn't you drawn up a tentative plan covering the various companies of the Corporation?

A. No, I don't think so.

Q. Did you at a subsequent interview?

A. I think it was discussed at a subsequent interview.

Q. And the companies were determined upon then to bring into it?

A. Exactly.

Q. You said that some companies were suggested that you did not approve.

A. Some companies were talked of.

Q. Who talked about them?

A. The people who were present at these meetings, Mr. Gates and Mr. Morgan.

Q. And yourself?

A. And myself.

Q. And you thought some of them were not necessary to the Corporation?

A. I did.

Q. At the first time when the question of taking over the Carnegie was spoken of, was the proposition discussed then of bonds or a cash option?

A. I can not tell you that, but I do not think at any time we discussed a cash option.

Q. Is it not true that Mr. Moore insisted that the National should be brought in?

A. I knew nothing of that, if that were true?

Q. Don't you know that Mr. Carnegie demanded that his bonds should cover the National?

A. I do not know anything about that.

Q. You do not know about that?

A. No, sir.

Q. Was Mr. Carnegie eager or reluctant to sell?

MR. LINDABURY: At what particular time?

MR. DICKINSON: At the time that you brought the proposition to him from Mr. Morgan.

THE WITNESS: I think I could say he was.

By Mr. Dickinson:

Q. Was what?

A. Eager to sell.

Q. I will read your testimony from the Stanley Committee, volume 18, page 1279. When was that given?

A. I have a poor memory for dates. I would have to refer to that.

Q. August 4, 1911. That was something more than a year ago?

A. Yes.

Q. That was a little nearer the event than it is now, was it not?

A. Yes.

Q. And your memory would be that much nearer the event, would it not?

A. Ten per cent nearer.

Mr. Untermyer: And Monday was a little nearer than today.

Q. This was asked you, Mr. Schwab, at page 1278 and page 1279:

"The Chairman: And Mr. Morgan requested that you go over with him again in detail fully all the arguments that you had made at the previous dinner?

"Mr. Schwab: I will not say arguments—statements of fact, statements of opinion, rather; quite so. Then of course, he asked me questions about it, and finally said to me, within a day or so, that he was fully convinced about the advantages of such an organization.

"The Chairman: That is, one corporate entity?

"Mr. Schwab: The Steel Corporation as today formed; yes.

"He asked me if I could get a price from Mr. Carnegie at which he would sell his works. I had not taken the matter up with Mr. Carnegie at all, had not spoken to him of my visit to Mr. Morgan. In the course of a week or so, spending the day with Mr. Carnegie, a favorable opportunity arrived, and I did tell him what I had said to Mr. Morgan and advised Mr. Carnegie, at his age and with his desire in life, philanthropic

in character, that he ought to sell his plant, and I told him how I thought it might be done. It was with a great deal of reluctance that Mr. Carnegie finally did agree to sell his plant, and I might say to you that it was my opinion that he afterwards regretted very much that he had made a price upon his plant."

Does that refresh your recollection?

A. Yes, quite; and there is no contradiction. When I say that Mr. Carnegie was eager, there is no contradiction. You asked for my opinion as to whether Mr. Carnegie was eager to sell the property, and I answered that he was; and I based that answer upon the fact that for several years before that time he had tried to sell the property. When I spoke of his reluctance to do so, I meant this: That he was always reluctant when he referred to his personal interest and pride that he had in his property to part with that prestige.

Q. Then he was eager and reluctant?

A. Quite so.

Q. And regretted selling?

A. When he thought of that phase of it, he regretted selling.

Q. You did make this statement before the Stanley Committee?

A. I did; but I simply wanted to point out that it is not inconsistent with the one that I have made today.

Q. Of course that will be a matter of interpretation. At least it is not intentionally inconsistent?

A. No.

Q. I appreciate that.

Mr. Schwab, you were asked about the valuation or value of the ore properties of the United States Steel Corporation in 1901, and your attention was called to an estimate that you had made of $1.00 a ton in the ground. Did the ores taken over of the Lake Superior Consolidated Iron Mining Company cost the Corporation $1.00 per ton in the ground when that company was taken into the Corporation?

A. That I could not separate. The ores were not bought separately. I mean, they were not integrated. I could not say what price was fixed for ores, because each of the companies had their own ores, and the company was dealt with

as a whole, and not by separating the ores from the properties. My estimate of one dollar a ton was my personal opinion of what I thought those ores in that location and of that quality were worth to the industry.

Q. To the industry?

A. Well, to that company.

Q. To that company?

A. Or to any company.

Q. Or to any company?

A. Yes; may I explain——

Q. I think I should prefer to have you answer my questions, Mr. Schwab. I will give you an opportunity fully to express your views later.

Mr. Lindabury: You had finished that question, had you not, Judge?

Mr. Dickinson: Yes.

Mr. Lindabury: I think he has a right to explain before you ask another question.

Mr. Dickinson: If his explanation is in reference to any answer called for by my question that is undoubtedly correct, and I am perfectly willing to give him the opportunity to explain, whether it has reference to my question or not, at the proper time.

The Witness: It is immaterial. I was only going to tell you how I offered that opinion.

By Mr. Dickinson:

Q. I will ask you that a little later on. At any rate you will have an opportunity to state it.

A. Very well.

Q. But I want to ask you some things in the meantime. Do you know any ores that were sold in that region shortly prior to the formation of the Corporation?

A. I do not recall any special sales, no.

Q. The Carnegie people had had ore interests in the region for a long while?

A. Yes.

Q. You had been president of the company?

A. Yes.

Q. You, at that time, were familiar with that region?

A. Yes.

Q. And naturally you were familiar with the price of ores, were you not?

A. Yes.

Q. Do you know any ores that were ever sold at a price in the ground prior to the formation of the United States Steel Corporation at a dollar a ton?

A. I could not recall any instances, no sir.

Q. Do you know any of them that were sold at 50 cents a ton?

A. I could not recall any that were sold at any price, at this time.

Q. Do you know of any of them that were sold at 25 cents a ton in the ground?

A. If you say 25 cents a ton, if you mean ores leased in the ground, which is equivalent to a sale—

Q. I am not speaking of royalty, now, but of sales in fee.

A. It was not the practice to buy ore in the ground. It was not the custom to do such things.

Q. Do you mean to say that no ores were sold in the ground at that time?

A. Not that I know of. They were leased.

Q. And that all of the ore transactions there were leases, and none of them were sales?

A. None of them were sales of ore in the ground, per ton.

Q. But were they sales of bodies of ore in respect of which there was an estimate of the tonnage by which you, in purchasing, could arrive approximately in dividing it up at the price paid per ton?

A. I think you could say this: That there were ores purchased at that time at a price, which, if figured upon the known ores in the mines when purchased would have shown a dollar a ton.

Q. Can you name any?

A. No; I cannot, because ores of that kind are usually bought on the prospective values of ores still to be discovered in that property.

Q. Can you name a single transaction in that whole region prior to the formation of the Corporation at which, on any

basis of figuring, as much as 25 cents a ton was paid for ore in the ground?

A. I can not give you a specific instance, for the reason that ores were not purchased in that way; therefore there is no record of them.

Q. I will read you from the minutes of the Carnegie Steel Company, Limited, June 6, 1899, page 1253 of volume III of Government Exhibits, at a meeting at which you are recorded as being present:

"Mr. Gayley: On behalf of the Committee, MM. Schwab, Curry and myself, I would report that the Oliver Iron Mining Company has purchased one-half of the fee of the Rouchleau Mine for $500,000 as authorized at the last Board Meeting, excepting that Mr. Higgins' Sister held out for $200,000 cash; the remaining $300,000 to be paid in four equal payments. As this made a less amount to pay interest on and our Treasurer did not object, we closed the matter.

"We estimate that the minimum quantity of Ore in this Mine is 50,000,000 tons, so that this ore costs us 2½ cents per ton in the ground, as compared with 25 cents per ton royalty on our leaseholds."

Do you remember that transaction?

A. I do not. What was the date of that?

Q. The date of it was June 6, 1899.

A. What was the name of the mine?

Q. Rouchleau, with an estimated total of 50,000,000 tons.

A. I would like to ask if the records of the company have shown 50,000,000 tons of ore in that mine from subsequent developments.

Q. How is that?

A. I would like to ask if the records of the company show that there was 50,000,000 tons in that mine, from subsequent developments.

Q. What I would like to know is whether now you say——

A. Speaking for Mr. Gayley, I can not tell you what was in his mind about it.

Q. Mr. Gayley says: "On behalf of the committee, Messrs. Schwab, Curry and myself," he makes this report.

A. Yes.

Q. Now, you have no recollection of that report or that transaction?

A. No, I really do not.

Q. And if that occurred, it has passed out of your mind?

A. It has.

Q. There may have been other sales which have passed out of your mind, may there not?

A. A great many. Shall I tell you something that is in my mind?

Q. No, not unless it is an answer to my question.

A. Yes, excuse me.

Q. It would be very interesting, but we might keep you here longer than you want.

MR. LINDABURY: It may be an answer to your question; I do not know.

MR. DICKINSON: I do not know either.

MR. LINDABURY: He ought to be allowed to answer it in his own way.

THE WITNESS: It is immaterial.

By MR. DICKINSON:

Q. I will trust to you, if you think it is in answer to my question, I am perfectly willing for you to go ahead and state it.

A. Thank you; that is all right. I have nothing more to say.

MR. LINDABURY: I did not mean to suggest anything else, or any other attitude of yours than that.

MR. DICKINSON: I understand that.

By MR. DICKINSON:

Q. After the formation of the Corporation you bought did you not, for the Corporation, ores in that region?

A. Yes, sir.

Q. Some you bought and some you declined?

A. Yes, sir.

Q. Can you name a single transaction in which you paid as much as 25 cents a ton for ore in the ground?

A. No.

Q. Now you pay more than for a royalty do you not; I

mean if you buy the ore in fee, it would be worth more than a royalty, would it not?

A. Well, it would depend entirely on whether you knew how many tons you were buying when you bought it in fee.

Q. Yes, I know; if you were dealing with a fixed quantity, would it not?

A. I do not see any very wide difference.

Q. Do you know any royalty, then, that was paid in that——

A. At that period?

Q. At that period; 1901 or 1902, while you were president of the Corporation, that exceeded 50 cents a ton for ore in the ground?

A. No, I could not recall any instance.

Q. Do you know any royalty that was paid in that region that was as high as the one subsequently paid under the Hill leases, before the Hill leases?

A. No, I know of none.

Q. There were ores to sell, were there not, after the Corporation was formed?

A. Oh, yes.

Q. And for some period after that?

A. Oh, yes.

Q. And ores to lease?

A. Yes.

Q. And none of them that you have ever heard of, either at a selling or leasing price during the time you were with the Corporation, went at one dollar a ton?

A. No. But, Judge, do you realize that it would not be possible to have such a collection of ores of the various kinds for steel making located as advantageously as all these ores were located, and that so well suited the purpose as these ores suited the purpose. Their acquisition would not have been possible at any other time or under any other circumstances. Those other ores had none of the conditions that would make this body of ore valuable by reason of its contiguity, analyses and mixture for steel making purposes.

Q. I will be pleasant enough to be cross examined and to say yes. I do realize it, and that is just what I am coming to. Then, was not your estimate of the value placed upon that ore

in combination and upon the understanding that you could not go out into the market and duplicate it?

A. No sir, if I had an opportunity of purchasing ten mines located at different places, with all the same analyses of ore, I would not pay nearly as much for them as if I had these ten mines located so that I could operate and mix to the best advantage; and therefore when you speak of an isolated case, like a mine on the edge of the range, for example, leasing at a lesser price; it probably was not worth more than that price. But to be clear, I want to state again that the estimate of a dollar a ton placed upon that ore was my own personal opinion of the value of that ore, from which I have never seen fit to change, and which, while it might have seemed high at that day, has been much more than justified by the development that I predicted at that time; so much so, that as I stated the other day, I have refused, or the Bethlehem Steel Company has——

MR. DICKINSON: I objected to that the other day, and I object to it now.

By MR. DICKINSON:

Q. Now, suppose the Steel Corporation had wanted to sell in 1901 these mining properties separately, to a person who wanted to buy them separately, would you say that the market value of them would have been a dollar a ton?

A. I think I would, for the most of the ores there.

Q. That is to say that notwithstanding you never knew of any sales at a dollar a ton, notwithstanding that you never knew of any leases at anything like a dollar a ton, and there were ores to be acquired after that time, that these properties could have been dis-severed and sold on the market separately at a dollar a ton?

A. I do not know about that; but one thing I do know to a certainty, that whatever the circumstances are my opinion is unchanged, and it was only my opinion, it was not somebody else's opinion, that these ores were worth a dollar a ton.

Q. Then you were not then giving, at that time or now, the market value of the ores at that time?

A. No sir; I am giving you my opinion of the value of ores. That is what I have always done.

Q. Taking the variety of ores held together at that time?

A. Taking the qualities, the varieties, the locations and the quantities.

Q. And the tonnages?

A. Yes.

Q. Held together and not estimated separately?

A. Either way, providing that it suited the quality of the ore taken independently, suited the purpose for which it was intended.

Q. Do you mean to say, Mr. Schwab——

A. (Interrupting.) A man owning only one mine of the quality of fine Mesabi would not be in a good position to make a sale of it, and then, taken independently, a man would not be inclined to pay as much for it separately, as he would in conjunction with another ore, and then when he had an opportunity to buy two or more that made the best metallurgical operation possible, he would be justified in paying a higher price.

Q. Then your opinion is based upon their sale in combination, or upon ownership in combination.

A. I know what you are trying to get me to say.

Q. I am not trying to get you to say anything.

A. I want to be fair and tell you exactly what my opinion of the value of that ore was.

Q. You have given that, and what I am trying to ask you now is—probably I have not made myself very clear—whether or not these ore properties, if put upon the market at that time by a corporation wanting to sell, and sell separately to purchasers wanting to buy, would have commanded the price of a dollar a ton in the ground?

A. I could not say that.

Q. And you do not mean to say that, by anything you have said, as to the dollar valuation?

A. No.

MR. DICKINSON: We will excuse you from any further examination on our part, Mr. Schwab.

THE WITNESS: I thank you very much for your very great courtesy in the matter.

RE-DIRECT EXAMINATION.

By MR. LINDABURY:

Q. The Judge has been trying to get you back nearer to the events from time to time, with the idea that you recollected matters better in the early days, and I think I will follow suit. The Judge read you from part of a speech which you delivered out in Chicago, I think he said to you, pretty soon after the Corporation was formed. Do you recall that speech?

Do you recall the fact of making the speech?

A. I do.

Q. When was that speech made?

A. I do not know the date. It was shortly after the Steel Corporation was formed.

MR. COLTON: December 21st, 1901.

By MR. LINDABURY:

Q. You stated before the Stanley Committee, and I suppose you remembered it better than now, that it was on the 21st of December, 1901.

A. December 21, 1901.

Q. That was the year of the formation of the Steel Corporation?

A. It was.

Q. And after it had begun operations?

A. Yes.

Q. And you had assumed the office of president?

A. I had.

Q. And the policies that you had outlined to Mr. Morgan and in the speech at the dinner in New York were still in your mind?

A. They were.

Q. And indeed had been put into effect as far as they could be in that short time?

A. They had.

Q. The Judge read to you an excerpt from the middle of

that speech. Let me go back to the beginning and see whether or not you remember more of it: (Reading.)

"Mr. Charles M. Schwab spoke extemporaneously before the Bankers' Club of the city of Chicago at their seventy-eighth regular meeting to-night, his subject being "The natural growth of business enterprises; the consolidation thereof; their attitude generally toward the public, labor, and finance."

"The following is the substance of his remarks:

"Consolidations in business, like consolidations in nature, are inevitable. The most magnificent example of what may be achieved by combination is the Government of the United States. There we have the ideal system—the States, self-acting, integral parts, each with its local pride and ambition, and all merged under one controlling head, the President, with Congress as the board of directors."

Do you remember that?

A. Yes.

Q. (Continuing reading:)

"I noticed in reading this morning's Chicago papers that the Presbyterian colleges hereabouts are taking steps with a view of consolidating, and wisely, too. I am sure that such consolidation will not be for the purpose of raising the cost of tuition to the students, but, rather, of bettering the educational facilities and, if anything, reducing the cost to the students. This is the true basis of consolidation.

"In business, consolidation has marched as steadily as in nature, society, and politics. At the beginning every manufacturer worked for his own account in his own hut, or under the shade of the nearest tree. Every trader was an institution unto himself. As intelligence advanced, and the needs of society grew, came the combination, the partnership. Next followed the corporations, some in manufacture, others in trade and commerce.

"This condition is the natural one—the proper one. To stop the process is impossible. It will march steadily onward. It would be as easy to dam the Mississippi or to sweep back the tides as to check it. Those who oppose it, while they may not be swept under by the current, will remain stationary. There are many such, too many. We see them on

every hand, corporations, and firms, and individuals who are against 'consolidations' because—well, because they are against them. They lack the eye of progress."

Do you remember that?

A. Yes.

Q. That is right, is it?

A. Yes; not so well delivered, Mr. Lindabury, however.

Q. Was that published at the time?

A. Yes.

Q. It was published widely, was it not?

A. Yes.

Q. Were there many people listening to it?

A. Yes.

Q. And of what class were they?

A. Bankers, mostly.

Q. (Continuing reading:)

"Before a company of bankers it is, of course, unnecessary to defend the principle of consolidation. Men in your business are of necessity too well grounded in industrial science to be affected by the timorous advocates of old-line methods or the silly outcry against consolidations as 'trusts.' You know better than any other class in the community, for the fact is brought home to you every day in your business, that the consolidation of today is a vastly different thing from the 'trust' of yesterday.

"No one has a clearer appreciation than myself of the evil that lurked in the trust scheme. I say 'lurked' advisedly, because the trust is a dead business proposition with which we will never again be troubled. It was an experiment, and to that extent served its purpose. But it was founded on misconceptions and promoted along lines of self-destruction. Its fundamental principles were the restriction of trade, the increase of price, and the throttling of competition—a trinity that would wreck any proposition, business, political, or social. The consolidation, as organized today, has for its guiding line the very opposite of this. Instead of restricting trade it expands trade, by creating new avenues and reducing the price of the commodities which it produces. It is enabled to do this because the chief advantage of consolidation is the reduction in the cost of the articles pro-

duced. This is self-evident, and well illustrated by the consolidation and operation of the United States Steel Corporation, which, by reason of its magnitude and prominence, may be taken as a representative consolidation of business. I choose this field because in doing so I can tread familiar paths, and steel is king today in America, and that means in the world. King Cotton has been dethroned. In 1900 the production of steel was greater by one hundred millions than the production of cotton. This year it will probably be $100,000,000 greater. Therefore, it is not improper to let steel represent the general industrial condition under the new system.

"As showing the advantages of consolidating interests like steel, permit me to go into some detail.

"Starting from the ore fields. Individual concerns owned individual mines; no concern was sufficiently large to own groups of mines of different characteristics and qualities. All metallurgical people know that the best results are obtained by scientific mixtures of different sorts of ores, and by consolidating the ore interests of all these companies we were able to give each individual company the ideal mixtures in order to produce the most economical and best results."

That is still your opinion?

A. It is.

Q. And your recollection now does not seem to be different from what it was in 1901?

A. Not in that respect.

Q. (Continuing reading:) "To one familiar with the steel and iron making industries the advantages of so doing are enormous. The transportation of material affords equal opportunities to economize. Ships do not need to wait until each particular cargo can be loaded for each particular works, but can be kept moving steadily, and assigned to various works while in transit. Mills that formerly had to make a great variety of articles, by reason of consolidation are enabled to run steadily on one line, producing far greater tonnage and at very much less cost. Sales throughout the various countries can be consolidated and handled to much better advantage, as you must all realize, and so I might cite innumerable examples, all going to show that the real ad-

vantage of consolidation is to decrease the cost of production. Consolidation of interests founded on any other basis is false and will not last."

Had you declared that to these gentlemen who were proposing to form this corporation?

A. I had.

Q. And it was your view?

A. It always has been, sir.

Q. Put forth in good faith, as Judge Dickinson would say?

A. Yes.

MR. DICKINSON: And that is in very good language, too.

THE WITNESS: Thank you.

By MR. LINDABURY:

Q. "This information, however, is probably nothing new to you, and it is hardly possible to tell you anything along general lines as to the wisdom of consolidation that you have not already heard in one form or another.

"My experience in talking with people concerning the United States Steel Corporation would seem to indicate that there are only two points with which the public believe they are thoroughly familiar. The first of these is its capital and the second the salary of its president. Of the first I do not hesitate to speak. On the second I am somewhat like the Jew, who, when asked what he would do for $10,000, replied that he was ashamed to tell."

MR. DICKINSON: You stand by that, do you?

THE WITNESS: I do.

By MR. LINDABURY:

Q. "It is just possible that I may be able to tell you some things concerning this Corporation which you have not known before, and speaking of the first point, namely, its capitalization, I wish to say that the question of capitalization of any such industrial depends largely upon the value at which you place its raw materials. The steel industry to date has drawn its ore chiefly from what is known as the Lake Superior District in the Northwest. In fact, I believe I may safely say that from 80 to 90 per cent of all the steel produced in the

United States is made from ores in this district. It is the standard ore and one steady source of supply, and, as far as engineers can estimate, there are between 600,000,000 and 700,000,000 tons of ore now known in the Lake region. Geologists tell us that the possibility of future discoveries of new ranges is rather remote."

They have been telling you differently lately, have they not?

A. Yes, they have.

Q. "The constituent companies of the United States Steel Corporation own, as nearly as we can estimate, from 75 to 80 per cent of all the known Northwestern ores, the value of which is very high."

Was that estimate based upon any exact information?

A. Not exact information; general reports and knowledge.

Q. There are statistics now available, are there not?

A. Yes, sir. We did not have them at that time.

Q. "If you consider that this ore is today being consumed at the rate of 20,000,000 tons per year, with a large increase in consumption each year, which I believe will grow greater day by day, I think you will commence to appreciate the value of this ore in years to come."

Has that consumption largely increased?

A. Very much greater than I ever predicted it.

Q. Yes, you were more of a prophet than you realized you were.

"I remember when first going into the steel business—in 1879—the total production of steel in the United States was less than 1,000,000 tons; in 1895 the production had increased to 6,000,000 tons, and as nearly as I can estimate the production of steel in the United States this year will be 14,000,000 tons, and I believe that ten years hence 20,000,000 tons per annum will be the minimum production of steel for this country."

Has that prediction proven correct?

A. Yes, sir; more than that 26,000,000.

Q. "If you will figure that 20,000,000 tons of steel requires in round numbers 40,000,000 tons of ore, I think you will also appreciate the value of the ores which the constit-

uent companies of the United States Steel Corporation possess. If I could be assured of thirty more years of life and had the money to carry it, I know of no investment that would pay so well as the husbanding and saving of the iron ores in the Northwest."

A. That is right.

Q. "And the same principle applies to raw materials other than ore." That is right, is it?

A. That is right.

Q. "Having briefly described the fundamental basis on which I believe consolidation should be formed, and having given you some statistics with reference to the United States Steel Corporation, I now take up the relation of combinations to the public. I am heartily in sympathy with President Roosevelt when he says that all the great combinations should be given publicity. When the stock in a large corporation is held by the public, as in the case of the United States Steel Corporation, for example, which has some 50,000 stockholders, I believe every stockholder has the right to know something of the financial standing of the company and the management of its affairs, and that it will only be companies that are formed on an erroneous principle of capitalization that will object to such publicity. Its relation to the general public, however, is, in my opinion, of great importance also, because of its position in the market, regulating, as it does, the industries over which it plays such an important part. This is well illustrated at the present time. You doubtless know, a great many of you, of the great demand for steel today. All lines are crowded, and people would willingly pay most any price for deliveries for current needs. Under such circumstances the individual operators would have advanced prices considerably, but the United States Steel Corporation under its conservative policy, has maintained prices regularly ever since its formation. And I beg to call your attention to the fact that, although the steel business was never so prosperous so far as volume is concerned, prices of today are from thirty to seventy per cent lower than they were a year and a half ago, prior to the organization of the United States Steel Corporation."

Is that a fact?

A. That is my best recollection.

Q. "This maintaining of regularity in price will establish a steadiness in all lines of business over which steel has any influence. People will build railroads, as well as bridges and buildings, in anticipation of their wants, knowing that there is not much chance of their speculating in the market on the prices of their materials. Railroads have adopted this wise, conservative policy, and it has resulted in good and prosperity to the country."

That was your observation?

A. It was.

Q. And that was in pursuance of the policy of the Corporation about which you testified on direct examination?

A. It was.

Q. "I am a great believer in the future of the manufacturing industries in the United States. I believe that they are to grow at a rate not dreamed of by the present generation, and this is being abundantly demonstrated in every direction. New industries in which steel is largely used are springing up every day. The steel car industry is worthy of mention. Five years ago very little steel was used for this purpose; today it requires more than 2,000 tons of finished steel per day.

"In the ship building industry in the year 1898, 62,000 tons of iron and steel were used; in the year 1899 it grew to 131,000 tons, and in 1900 to 196,000 tons, and this year it will reach about 300,000 tons, showing an increase of 400 per cent in the consumption of iron and steel in the shipbuilding industry within four years. These figures take no cognizance of the building of war vessels. If we include ships in the United States Navy, the total is enormously increased. On the first of this year the Government had under construction ships of various classes, the contracts for which amounted in all to $81,000,000 in round numbers. It is a conservative estimate to say that thirty per cent of this sum is represented by steel used in the construction. The list of industries in which steel is being substituted for other materials could be drawn out almost indefinitely; and abroad the American steel is forging ahead.

"Touching on the relations between labor and combina-

tions, I beg to state that the greatest advantage to the welfare of this country has resulted. Wages have steadily advanced since consolidation started. This curious thought occurred to me this evening. Many people think that the bonds of the United States Steel Corporation are a first mortgage upon its great property. If you will stop to think you will find that this great mortgage is that which is owed to labor. The United States Steel Corporation pays to labor approximately $150,000,000 a year. This is equivalent to a mortgage debt of $3,000,000,000 upon the property, which must be paid in advance of the first mortgage bonds. Then again, a great consolidation of capital must assume a vastly different attitude toward labor than that of individual operators. The consolidations are largely owned by the public, and the public must be satisfied that its labor is fairly treated. Much of their stock is held by their own labor, and labor must feel that it is fairly treated, and great consolidations of capital cannot take an arrogant or arbitrary stand in reducing pay of its workmen. The public and stockholders must be satisfied that there is real necessity for such reduction.

"Never before has labor in the industries with which I am familiar, received such high pay. I have just received a report of the average earnings of the employes of one of our largest establishments, and it shows an average per day, taking in every man and boy—and there are many unskilled men at low rates per day—of four dollars This refers only to the wage earners, and does not include the salaried men. The number of men employed in the steel industry is going to increase enormously. Steel is king, but he is still only an infant king, having by no means arrived at the threshold of his career, as proved by the statistics already given you."

That has been proven since?

A. Yes.

Q. "In connection with labor I want to repeat what I said before the Labor Commission in New York the other day, that labor, I sincerely trust, will not make the same mistake with reference to creating monopolies as capital has in some instances in the past. Labor cannot through their unions restrict output without meeting failure in the end,

any more than capital can consolidate and combine successfully if they have in view a monopoly or restriction of the trade in which it is invested.

"Coming to the last branch—the relation to finance. It is my belief that the entire financial question, as to the responsibility of individual manufacturers, has been almost wholly removed by the great consolidation of capital, through which bankers have largely to deal. With a full and public expose of its affairs, the question of credit is much simplified, and the same advantages that accrue from the regularity of the trade can be helped with reference to the regularity of the money supply, and demand."

That was your recollection of the policy and operations and the purposes of the Steel Corporation six months after it was formed, and while you were putting in force the principles that you have declared?

A. It was.

Q. And that speech was made in good faith, meaning what you said?

A. Of course.

Q. Mr. Schwab, coming on down the line, I think you testified before the Industrial Commission—

MR. SEVERANCE: No, that was before, Mr. Lindabury.

MR. LINDABURY: I have made a mistake in my chronology, having the date on the fly leaf of the book. I thought your testimony before the Industrial Commission was after that speech, but I find that it was on the 11th of May, 1901. You remember that, do you?

THE WITNESS: I do.

By MR. LINDABURY:

Q. Anyhow, your business address was given as 71 Broadway, so that it was after you were elected president of the Steel Corporation?

A. It was, yes.

Q. Judge Dickinson read you a part of that examination, and without reading it all—which I regret I have not the time to do—I will read the context of what he read. I will read beginning at the bottom of page 449.

MR. COLTON: This has not been read to him, Mr. Lindabury. I do not mean to say that that is any reason why it should not be, but I think you stated that it had been read to him.

MR. LINDABURY: Judge Dickinson read to him from this examination.

MR. COLTON: From this testimony, yes.

MR. LINDABURY: Yes.

MR. COLTON: The latter part of it.

MR. LINDABURY: Yes. Judge Dickinson did not read what I am going to read, and that is the reason I am going to read it. (Reading):

"I wish you would speak with reference to the advantages that you think accrue from bringing together in this way different interests under one central management in the steel industry. You can speak particularly, of course, of the Carnegie Company's experience.

"A. Well, of course I am familiar with the reasons for putting these companies together."—

MR. DICKINSON: From where are you reading?

MR. LINDABURY: At the top of page 450.

By MR. LINDABURY:

Q. (Continuing reading) "I do not know whether it has occurred to you that in the formation of this great company it has not been the rule to put together companies in exactly the same line of business.

"Q. You refer now to the Carnegie Company?

"A. I am referring to the United States Steel Corporation; for example, you will notice that the tube part of it was in no way connected with the others; nor were the tin plate or the wire or the hoop. It is true that the Carnegie Steel Company was especially unique in its position of being largely a maker of structural iron which the others did not make; the billets that were made by the National Steel Company and Carnegie Steel Company and others, were consumed by the constituent companies, so they were hardly competitors in that line. Rails, however, they were competitors in, but it would have been impossible to put

these great companies together without having had them as competitors in some lines previous to the organization."

You remember that testimony?

A. I do.

Q. You gave it in this way?

A. I did.

Q. Was it correct?

A. It was my belief.

Q. (Continuing reading:) "The great advantages started with the ore—were these ore interests, I should say, taking the whole known range of ores in the Northwest from which all these companies derived their supply. The United States Steel Company controls, or owns, in the neighborhood of 80 per cent of all those ores."

Do you know now whether that was a correct estimate or not?

A. I think it was a little high, in view of subsequent events, but it was my best belief at the time.

Q. (Continuing reading:) "No ores have been acquired since the formation of these companies, by reason of coming together. Now, these ores as owned by individual companies were often of such a character as not to produce the best results for that company. One company, for example, may have owned nearly all Messabi ores; another may have owned nearly all the old range ores; the consolidation of all these ore interests has enabled these companies to utilize all of the ores to the best advantage, by distributing them in the best way possible. That is one of the greatest advantages resulting from this consolidation."

That is a subject about which you were speaking to Judge Dickinson a little while ago in your examination?

A. Yes.

Q. Now, passing down toward the end: (Reading)

"Q. This United States Steel Corporation, then, does not lease any properties—it controls them all?

"A. It has some leases; but the whole ore situation is a very peculiar one. Most of the ore properties have come in through lumber purchases by lumber people, and things of that sort, so that the whole ore situation is very complicated,

and as a result it is made up largely in ownerships in fee, leases, and subleases.

"Q. You acquired all of this control through consolidation and leases and subleases of the different constituent companies?

"A. Exactly. I want the gentlemen to be clear about the advantages of our being able to use these ores, and if anyone would like me to go further into that subject I should be glad to do so, because it is one of the most important points in the consolidation. The Illinois Steel Company owned in the northwest of Minnesota some excellent ores. They were in the habit of selling those ores and buying other ores at about the same price, which would enable them to make a better mixture. Now, the Carnegie Company were in a similar position. We owned the old range ores, and that gives the new corporation the old range ores and certain other ores; we realize the advantage and every manufacturer realizes the advantage of making these mixtures. Now, with this consolidation of interests we can get absolute perfection of mixture of ores for the purpose of the most economic manufacture. Do I make that clear?

"Now, to go on down into the carrying of these ores; When each of six, eight, or ten, or twelve individual companies owned its own fleet, and leased part of it, the ore was never carried in the most economic manner, for the reason —say one of the firm had 10 boats, and when that boat reached the dock it would have to wait there a considerable time—wait a certain amount of time to get a certain amount loaded on a certain boat. Now, owning all the fleet, we have about 112 or 115 of these boats; they go continuously, and it doesn't make any difference what ore is ready, the boat loads that ore and goes out without any delay, and after it gets well down the lakes the manager may decide that it shall go to a certain dock, a certain works, and there is never any delay in shipping facilities. It is a very great advantage, one that is hard to appreciate unless you have been in the transportation business practically, and then you know what advantage facility of dispatch is to the shipping interests."

Is that a correct description of the situation?

A. Yes.

Q. (Continuing reading:) "Another very great advantage is this: We are able to distribute, when we get to the other end of the lakes, over the docks and over various railroads to the various works to a much greater advantage than if each company was individually doing it. Just the same argument may apply, with reference to the shipment of ores to the works, as to the shipment of ores over the lakes, and so on down the whole line. When it comes to the question of manufacture, we can always arrange so that the works adapted, by reason of its location, for the furnishing of certain articles can supply them. Just as an illustration—nothing to conceal in this business at all—just as an illustration, the National Steel Company has been making rails at Youngstown; whereas the Federal Steel Company is better located for the distribution of rails, and so is the Lorain Steel Company, by reason of its proximity to the ores. One of the first things we did was to run one of these two works entirely on rails and the other on commodities best suited, thereby saving in freights, shipments, and deliveries. That is an illustration of what can be done by cooperation in these interests."

"Q. Will you tell us about the saving in cost of superintendence?

"A. That is a very important item. As yet, as I said before, we are in the process of formation with reference to this matter, and therefore I cannot speak as definitely, or specify instances, but the direction can be very much simplified and very much cheapened by reason of the fact of consolidation. The steel making industry is peculiar in this, that no matter how small the operations are, there are certain skilled men in each line necessary. If a firm has two furnaces or fifty furnaces, they can't do without one skilled man in each of their lines, as a skilled melter, skilled superintendent, skilled chemist, skilled draftsman, and so on down the line. Now we can consolidate all these industries, we can have one selling man, for example, one chief chemist, one chief engineer, that will answer all purposes for all of these works, adopting the same methods at each of the works. Not only can we do that, but we can take the best from each of

all the works, and take them to the other works, and a great saving can result in that way, because the steel business is one in which experiment and development are applied constantly to improvements. It is one in which they have had to go on from year to year with new processes and new methods; and where you can take advantage of experimental processes and developments of individual works and apply them to the whole, you reap a great benefit."

Is that still the case?

A. That is still the case.

Q. Is that process of evolution and development and experimentation still going on?

A. It is.

Q. And has it been all the time?

A. Exactly as there set forth.

Q. "Q. You have spoken of the saving in the case of selling and marketing?

"A. Yes.

"Q. Will you develop that?

"A. Just in the same line as in the case of superintendence, instead of having a great many offices—just as an illustration take New York; there are eight or ten selling offices in New York each one of which has its leased wire, its telephone wires and things needed in connection with selling. The consolidation of these offices into one building—not necessarily under one head, but, of course, under one head with various branches—will enable them to save in all directions; they will save in the cost of communication, telephone, telegraph and everything of that sort."

I think that is all I want to add to what Judge Dickinson put in, except on page 467, bearing on one of the subjects he questioned you about in that connection: "How do you account for the large difference between the capitalization of the United States Steel Corporation (as it now stands capitalized), and the capitalization of the constituent companies, exclusive of the bonds issued in payment?

"A. There is not a very wide difference if you come to think it all over. All these companies have added considerably to their assets since they were organized. You understand what I mean.

"Q. Yes.

"A. From the date of their organization up to the present time they have added to their assets. Then I undoubtedly think that the coming together of all these interests, the owning of these stocks by one corporation will undoubtedly enhance the value of them all for the reasons I have given in the line of economies, etc. I think furthermore that the values placed upon raw material in the shape of ores and coal have never been excessive, and the amount of capitalization depends entirely on the value at which you put these ores."

That is all in that book.

Now, your next deliverance, so far as Judge Dickinson has called attention to it, was at the Tariff Hearing in the year 1908, and you were then questioned as Judge Dickinson informed you, and gave certain testimony; and I wish to read you a bit that you said in addition to what he brought out. I will read the whole of it:

"MR. HILL: How does it come about that steel rails have for the last five years remained at $28.00 without any collusion with anybody else?

"MR. SCHWAB: I will tell you. Take the present times as the best illustration. There is not a manufacturer of rails—"

MR. DICKINSON: What is the page?

MR. LINDABURY: The bottom of page 4917.

By MR. LINDABURY:

Q. "There is not a manufacturer of rails in the United States today, I, for example as a rail manufacturer, feel that if I were to vary that price of $28 for rails, which seems to have been recognized by all rail manufacturers as a fair price and giving a fair profit—if I were to vary that ten cents a ton today I would precipitate a steel war, to use such a word or expression, that would result in running my works without any profit. Everybody, by tacit and mutual understanding, feel the same thing about that. I would not vary the price of my rails under any circumstances, not if I knew it was to get 100,000 tons in orders, for the reason that my competitor next door would put the price down to $1.00 a ton, or $.50 a ton,

even, and we would be in a position where we would be running without any profit at all."

That is perhaps, Mr. Schwab, incorrectly reported.

MR. DICKINSON: Well, I made no such—

MR. LINDABURY: Perhaps I had better not make that statement.

By MR. LINDABURY:

Q. Do you remember whether you said, "put down to $1 a ton," or "put down $1 a ton?"

A. Put down $1.

MR. DICKINSON: I am perfectly willing to have him put it that way. I think myself that is very likely true.

THE WITNESS Of course it was not put down to $1, because that would be an absurd price.

By MR. LINDABURY:

Q. You meant reduce it $1 a ton?

A. Yes.

Q. "MR. HILL: You think absolute uniformity for the last few years in the price of steel rails at $28 is without agreement?

"MR. SCHWAB: Absolutely.

"MR. HILL: Without collusion between the parties?

"MR. SCHWAB: Yes."

MR. COLTON: That is not the end of the statement.

By MR. LINDABURY: And you still so say?

A. I do.

Q. Now, Mr. Schwab, a few questions with regard to your examination. You were asked by Judge Dickinson yesterday afternoon, referring to the date of December, 1900, and to something in the Carnegie minutes with regard to the rail situation, "What would have happened if the pool had ended," meaning the rail pool, to which you answered, "We would probably have had destructive competition, greater competition, and lower prices.

"Q. By what concern?

"A. All concerns.

"Q. Would that have involved your company?

"A. All companies manufacturing."

Now, was there anything in the situation at that time that was peculiar as between your company and the Federal or your company and any of the others or were you simply speaking of general conditions?

A. At the time we were discussing the effects of pools and the breaking of pools, and I was reciting in the earlier years the disastrous effect, the demoralized condition of the sudden ending of these pools, and I made the same answer here. But I think I must modify it by saying that I do not believe the condition would have been as demoralized, that it would have been as serious, or the break in prices been so serious as it would in the earlier days of the pool. There was a better understanding as to general business conditions generally at that time than there was in the early days when we had the violent breaks in the steel business.

Q. Well, that perhaps answers it, but what I wanted to know was whether you were referring to simply general conditions and general practice, or something special and peculiar to the then existing situation.

A. No, I had nothing of that sort in my mind.

Q. You were simply speaking generally?

A. I was.

Q. Was there at that time something of a want of confidence in each other among steel manufacturers, that you alluded to as existing before?

A. There was, but not to the same extent.

Q. And they were not trusting each other fully, then, were they?

A. Not very much.

Q. How did the situation in that respect go on during the time that you were president, when the policies that you have testified to on the part of the Steel Corporation toward its competitors were put in operation: did this want of confidence continue?

A. I think that policy we adopted in the early days of the Steel Corporation, of making known our prices, of steadying those prices, and treating in open frankness with our customers and competitors gradually resulted in a better feeling and more confidence between the steel manufacturers.

Q. What have you to say as to whether or not that want of confidence and ill feeling in the earlier days was the prime cause of the steel wars of those days?

A. I do not understand that.

(The question was repeated by the stenographer.)

THE WITNESS: As a rule it was.

By MR. LINDABURY:

Q. Now, do you recall—I believe you testified, however, on that subject on your direct, how soon it was after this dinner to you in New York that Mr. Morgan sent for you and you went to see him.

A. Very shortly, a week or two.

Q. The dinner was when?

A. The 12th of December, 1900.

Q. And it was within a week or two after that?

A. Yes.

Q. And I think you stated that you went back and got him the option within a day or two after the first meeting?

A. Within a day or two after the first meeting.

Q. And gave it to him?

A. I did.

Q. Speaking about the purpose of the Carnegie Company to go into other lines of business, and the finishing of its semi-finished product, do you remember whether the scheme talked of in the middle of 1900, as Judge Dickinson brought out from you, of building your wire mills, was persisted in to the end of that year?

A. The scheme to ultimately do so was. My recollection is that the operations were deferred owing to financial conditions at that time, in our company; but the idea of ultimately extending our lines into all these finished products was not conceived in that year; it had been discussed for some years before, and plans made, and a general policy outlined for ultimately doing it.

Q. I think the minutes show that there was some thought in the middle of that year of immediately building wire mills?

A. Yes.

Q. But that thought of immediately doing it was given up in the latter part of the year, was it not?

A. It was.

Q. And that was because financial conditions were not very favorable?

A. Exactly.

Q. I suppose the Carnegie Company did not have unlimited cash at its disposal, any more than others?

A. Not at that time.

Q. At the time it was taken over by the Steel Corporation, do you remember what its floating indebtedness was?

A. I do not remember.

Q. Something over twenty millions?

A. I do not know the figures; I do not remember.

Q. That it owed on notes, borrowed?

A. I can not give you the figures.

Q. To execute and carry on its business?

A. Yes.

Q. Mostly borrowed, I suppose, from banks?

A. I think it was.

Q. And that was the situation which led them to hold up, at least, any idea of going into anything other than tubes?

A. At that time.

Q. As to this tube business, how many years had you been talking about it?

A. It was a matter that personally interested me very much, and I estimate that I had urged it and discussed it for at least three years prior to our sale, and I personally had had engineers in my office, the president's office, although that was not in the line of my duty, preparing plans for tube works, as I described in my testimony the other day.

Q. And the matter had been under consideration by the directors, if you call them that, or co-partners.

A. Yes.

Q. They were directors in 1900, and before that they were partners?

A. Exactly.

Q. For all this time?

A. At least three years.

Q. And was the matter talked about?

A. A great deal; there was much discussion about it, as to the plans that we were to build these works upon.

Q. I mean the scheme of building on some plan or other was being publicly discussed all this time?

A. It was.

Q. Was there anything, therefore, new about it in the latter part of 1900?

A. There was not.

Q. And anything new in your announcement of January, 1901?

A. There was not?

Q. Nothing that was not known before?

A. No, sir.

Q. And in these negotiations that you had—perhaps I ought not to call them negotiations—interviews that you had with Mr. Morgan following the dinner, was any allusion made at all to the purpose of the Carnegie going into tubes?

A. Not to my knowledge; none whatever.

Q. He asked you nothing about it?

A. No.

Q. You said nothing about it?

A. Mr. Morgan asked nothing about it.

Q. As far as you were informed in that connection, did the matter of the Carnegie's building tubes or going into any new enterpises have any influence or connection?

MR. DICKINSON: I object to that as calling for a conclusion, and not calling for facts.

THE WITNESS: In my talk with Mr. Morgan upon these subjects, that was not the argument, or that was not the theory that I expounded to him, and these questions did not come up for discussion. I talked almost exclusively to him upon the economic advantages to be obtained by this consolidation. That was the only thing that I was thoroughly familiar with, and it was upon that basis that I presented it to Mr. Morgan.

Q. You met some other gentleman, Mr. Bacon?

A. Mr. Bacon and Mr. Gates.

Q. Mr. Gates and Judge Gary?

A. Shortly after.

Q. I mean in that connection.

A. Yes.

Q. Did you mention to any of them, or did any of them mention to you, the scheme of the Carnegie Company going into these finished materials.

A. They did not.

Q. It was not talked about?

A. Not in connection with this matter.

Q. I mean in connection with this matter.

A. No, sir; they did not.

Q. In your judgment did or did not the capitalization of the Steel Corporation exceed the value to the corporation of the properties which it acquired?

MR. DICKINSON: I object to that.

MR. LINDABURY: Why?

MR. DICKINSON: As incompetent and irrelevant.

MR. LINDABURY: I thought you thought it was relevant. Please answer, Mr. Schwab.

MR. DICKINSON: I do not think the question is relevant.

THE WITNESS: It did not.

By MR. LINDABURY:

Q. It appears by the records in evidence that the price of steel rails, while at one time $28, went to $38, and $26; and then after the Corporation was formed, in May, 1901, it was put up to $28, and has remained at that price ever since.

When you testified to the price of rails having been put at $28 by agreement among manufacturers, did you allude to the earlier price of $28, or to the price that was fixed after the Steel Corporation was formed, in May, 1901?

A. I alluded to the earlier price at that time.

Q. Was the price of $28 a ton fixed in 1901 as the result of any combination or agreement between manufacturers?

A. I think not.

Q. You spoke on your examination of having offered a dollar a ton for ore within a few weeks, and of having had that offer refused.

A. Yes.

MR. DICKINSON: I did not question about that in cross examination.

MR. LINDABURY: Judge, this is something I overlooked. I did not know it. It is only a question as to locality.

MR. DICKINSON: All right; if you overlooked it of course I shall not object.

By MR. LINDABURY:

Q. Where was that located?

A. In New York.

Q. Where?

A. At Port Henry.

Q. In the Adirondack region?

A. Yes.

Q. To whom was the offer made? Who was the owner?

A. Witherbee-Sherman.

MR. DICKINSON: I except to that, of course, as incompetent and irrelevant.

By MR. LINDABURY:

Q. Now, just one or two matters that I overlooked and want to complete: How far is the Chilean ore from the port of New York by way of the Panama Canal?

A. About 4,000 miles.

Q. How far is it from the port of New York to the port in Sweden where you get your ores?

A. About the same distance; about 4,000 miles.

Q. What is the water rate to Sweden?

A. $1.80.

Q. And do you know what it will cost you to transport from Chile to New York?

A. From $2.25 to $2.50.

Q. Did you say that you own ores on the Chilean coast?

A. We do.

Q. I am not sure whether I asked you that.

A. I don't know whether you did or not.

Q. You mentioned Chilean ores?

A. And the Bethlehem Steel Company, too.

Q. A considerable quantity?

A. A very large quantity.

Q. Does this rate that you gave of $2.25 or $2.50 include the Panama tolls?

A. It does.

Q. They have been fixed, have they?

A. Yes; by Congress.

Q. So that you are able to figure the cost?

A. Exactly.

Q. How high does the metallic content of that Chilean ore run?

A. 68 per cent iron.

Q. Dry?

A. Dry. It is naturally dry ore.

Q. How far is it from the ocean?

A. Four miles.

Q. And down hill, of course?

A. Yes.

Q. Is any stripping required?

A. None whatever.

Q. What will be the total cost per ton of mining and delivering the ore to the boat?

A. In Chile?

Q. Yes.

A. One dollar a ton.

Q. At what price over all can you mine, transport and deliver that ore at Bethlehem?

A. Six cents a unit.

Q. Which is about how much per ton, for 69 per cent iron?

A. About $4.

MR. REED: $4.08 exactly, is it not?

THE WITNESS: Yes; to be accurate.

RECROSS EXAMINATION,

By MR. DICKINSON:

Q. Mr. Schwab, at the time you made that very able speech at Chicago before the Bankers' Association, a resolution had been introduced in Congress, had it not, about six months before that, to investigate the corporation?

A. I did not know anything about that. I did not know of it. I do not know of it.

Q. There was an investigation, was there not, and a hear-

ing shortly after that? Did not the Industrial Commission go into that very shortly afterwards?

A. The date will show whether it was before or after. I do not remember the date very well.

Q. Will you look at the testimony before the Industrial Commission?

A. You have the date there.

MR. COLTON: Did you give the date of your testimony before the Industrial Commission? That would fix it.

THE WITNESS: Will you please look at it, Mr. Colton? You are much better at those things than I am. It was upon invitation of the Bankers' Association.

MR. LINDABURY: The speech, or the investigation?

THE WITNESS: The speech.

MR. LINDABURY: We will admit that the Government fully investigated us within a month or two after we were formed.

THE WITNESS: May 11th, 1901, was the date.

By MR. DICKINSON:

Q. And your speech was when?

A. In December of the same year.

Q. So that the matter had been under investigation?

A. Was that speech in December, 1901, or December, 1900?

MR. LINDABURY: 1901.

THE WITNESS: 1901. So that the investigation was before.

By MR. DICKINSON:

Q. And the matter was under consideration?

A. It had been discussed, evidently.

Q. Had not this consolidation been assailed and very much criticised in the public press?

A. I do not recall that it had.

Q. You do not recall that?

A. No.

MR. LINDABURY: Not in the report of the Industrial Commission.

MR. DICKINSON: Oh, no. I mean the fact of the consolidation of the United States Steel Corporation.

THE WITNESS: I suppose there were some criticisms, but I do not recall.

By MR. DICKINSON:

Q. You do not recall now?

A. No; I do not.

MR. LINDABURY: I think it was investigated and commended.

MR. DICKINSON: There has been a change of heart since then.

MR. LINDABURY: True enough, but not on our part. We have been the same.

By MR. DICKINSON:

Q. You read your testimony before the Industrial Commission, in which the following occurs, in one of your answers:—

MR. LINDABURY: Where is that?

MR. DICKINSON: On page 450.

By MR. DICKINSON:

Q. (Reading):

"One company, for example, may have owned nearly all Mesabi ores; another may have owned nearly all the old range ores; the consolidation of all these ore interests has enabled these companies to utilize all of the ores to the best advantage, by distributing them in the best way possible. That is one of the greatest advantages resulting from this consolidation."

I will ask you if any one of these companies had holdings either in Mesabi ores or in old range ores?

A. I would not know that. The Carnegie Company, for example, had mostly old range ores.

Q. On page 1317 of volume III of Government Exhibits is set out a table showing the ores held by various companies. The Oliver Iron Mining Company owned, of the Old Range, 61,000,000 tons, and of the Mesaba, 125,000,000 tons; so that company did not have its holdings exclusively in either the Mesaba or Old Range, did it?

A. Not according to that, no.

Q. The Federal Steel Company had, of Old Range, 8,500,000 tons; it had in Mesaba 98,000,000 tons?

A. Yes.

Q. So that company did not have its holdings exclusively in one range?

A. Oh, yes, it did; 98,000,000 is ten or eleven to one.

Q. Still, it had 8,500,000 in Old Range.

A. Oh, quite so.

Q. The American Steel & Wire Company had Old Range ores, 3,700,000 tons, and Mesaba, 10,000,000?

A. Yes.

Q. How about the ratio there?

A. That is three to one.

Q. That is not so disproportionate?

A. Not so bad, but the other question comes in also, Judge, as to what the qualities of these respective ores were.

Q. Yes, but the suggestion that I want to call your attention to, made in this statement, "One company, for example, may have owned nearly all Mesaba ores and another may have owned nearly all Old Range ores," is not a fact with respect to those companies, is it?

A. I did not say they owned it. I used it as an illustration. I say they may have owned.

Q. And then you used that illustration—

A. As showing the advantage.

Q. To show an advantage?

A. Exactly.

Q. But not stating it as a fact that it existed at that time.

A. I did not state it as a fact in the testimony.

Q. However, it was suggested, was it not, as a reason for what was done?

A. Yes.

Q. And the suggestion is not sustained by the facts, is it, according to this statement?

A. Well, it was true at that time.

Q. Well, was it true?

A. It was true that a great advantage resulted from their ability to use these various ores.

Q. I understand, but was it true—

A. Probably not to the full extent of that statement.

MR. LINDABURY: Ought you not to ask him about the National, since you are there? I know you want to put it fairly.

MR. COLTON: They had a contract for Mesaba ore.

MR. LINDABURY: It did not have a pound of Mesaba.

By MR. DICKINSON:

Q. Did not the National have a contract for Mesaba?

A. I do not know.

Q. You do not know that it did not?

A. No.

Q. The National had Old Range 10,000,000 tons, but you do not know whether it had contracts for Mesaba or not?

A. No.

Q. I think the facts show it did.

A. Did it, as a matter of fact?

Q. I think it did but I am not stating it; I am not testifying.

A. It did not own it.

Q. You were asked whether in 1900 anything particularly had transpired different from what had existed before in regard to this plan of building a tube works at Conneaut, and you answered that there was nothing that had occurred. That was your recollection, of course.

A. Yes.

Q. But I will ask you, is it not a fact that on December 11, 1900, just the day before this dinner to which we have referred, that the following state of affairs existed, as is shown by the minutes of the Carnegie Steel Company, page 1905—

A. Of which volume did you say?

Q. This is Volume VI.

MR. COLTON: The dinner was the 12th, and the meeting was on the 11th.

THE WITNESS: Then it is the day before the dinner?

By MR. DICKINSON:

Q. Yes; December 11, 1900. There were present Messrs. Schwab and others. "Land at Conneaut. The president"—that was you?

A. Yes.

Q. (Continuing reading.) "here spread before the Board a map showing the territory at and near Conneaut

Harbor, on which options had been taken, in order that the location might be more clearly understood."

A. Yes.

Q. Now, was not that a pronounced step forward in the direction of carrying out the plans?

A. No more, Judge, than the preparation of the plans, if that might be regarded as a step. And I think you will find that those were options. We had sought for a location for some time, and I think the records will show that.

Q. "He stated: This is the property on which options expire very soon, and we must decide what we are going to do. I have been over the ground and think we have taken options on more than is necessary. The property lying between our proposed works and the town of Conneaut will be for residence purposes. We ought to take about 500 acres in there to sell for town lots.

"MR. PHIPPS: To place the matter clearly before the board, the total purchase recommended is 4,390 acres, amounting to $639,500, an average of about $160 per acre. If it is decided that we want to get additional land later, I do not think we will have any trouble in securing it at not over the price we are now paying.

"After some little further discussion of a general character with regard to details, it was moved by Mr. Lauder, seconded by Mr. Singer, that the officers of the Carnegie Land Company be authorized to conclude the negotiations and make the purchases of the property at Conneaut as described.

"The motion was carried, the vote being unanimous."

Did that occur?

A. I think so.

Q. Now on the 12th of November, 1900, Volume II, page 450, the following occurred:

"MR. SCHWAB: Mr. Carnegie and I talked over the location for Tube works yesterday, and we are fully convinced that Conneaut is the place for establishing the same. The site can be obtained and the road to connect with the Bessemer Road can be built and the entire cost for the site and road will not exceed $1,000,000. The site contemplated covers about 2,500 acres.

"Mr. L. C. Phipps: We figure that about 1,000 acres could be devoted for selling for homes, and which it is believed would bring on an average of about $2,500 per acre.

"Mr. Carnegie: I place the amount which we would receive for ground sold for other purposes at about $1,500,000, but of course this money would come to us gradually and would not be available at the time of building our plant.

"Mr. Henry Phipps: To what extent is Conneaut more favorable than a plant if placed adjoining some of our present works?

"Mr. Schwab: We figure that there would be $1.07 per net ton in favor of Conneaut on all materials coming in to the works for manufacture.

Mr. Lynch: How would Conneaut be for a distributing point, compared with Pittsburgh?

"Mr. Schwab: It would not be worse than Pittsburgh and would possibly be better. It would be nearer to a water route both east and west, which would be in its favor."

Did that transpire in that way?

A. Yes, that is true.

Q. I will continue reading:

"Mr. Carnegie was at this point called away from the meeting, and after some further discussion on the subject it was determined best not to take any formal action today."

Then on January 15th, 1901—what time was your interview with Mr. Morgan?

A. This is what, January 15th, 1901?

Q. Yes.

A. I have not fixed the date. What interview, did you say?

Q. I was just asking what date was your interview with Mr. Morgan?

A. I do not know that I have given it. It was shortly after that dinner.

Q. On January 15th, 1901, Volume VI, page 1910 and 1911, at a meeting at which you were present, the following occurred:

"Conneaut Land Company. Mr. Phipps: I would report

favorable progress in the Conneaut Land Purchase matter. We have taken all necessary precautions to have the titles examined and the proper surveys made. I find, from a legal standpoint, it will be a wise move to incorporate a new Company under the Ohio State Laws, to handle the land purchase in the State of Ohio. We have made application for a Charter for the Conneaut Land Company, an Ohio Corporation, with a capital stock of $10,000,000. Under the Ohio law it is necessary to have a majority of the Board of Directors residents of Ohio," and so forth.

A. Yes.

Q. Did that occur?

A. To the best of my knowledge it did.

Q. Who was Mr. Converse?

A. E. C. Converse was then the president of the Tube Company.

Q. I will read from the minutes of the National Tube Company, which are in evidence, Volume II, page 409.

MR. LINDABURY: Upon what ground are you reading this to the witness?

MR. DICKINSON: I want to ask him questions about some matters mentioned in it.

By MR. DICKINSON:

Q. This is a directors' meeting of January 15, 1901. Mr. Converse said: "You have doubtless read the manifold utterances through the various press channels which have appeared in most of the papers and press dispatches, respecting the alleged plans of the Carnegie Company to install and operate a tube works with a capacity of two hundred and eighty thousand tons per annum, more or less."

Was that about the capacity that you were contemplating?

A. I can not give you the figures as to what the contemplated capacity was, but I think it was somewhat larger than that.

MR. DICKINSON: Unless you wish me to read further from that, I have finished.

MR. SEVERANCE: That will do.

MR. DICKINSON: That is all, Mr. Schwab.
THE WITNESS: Thank you very much.

(Whereupon an adjournment was taken until tomorrow, Thursday, May 22, 1913, at 10:30 o'clock a. m.)

SIXTY-FIRST DAY

EMPIRE BUILDING,
71 BROADWAY, NEW YORK CITY.

THURSDAY, MAY 22, 1913.

Before SPECIAL EXAMINER JOHN ARTHUR BROWN.

Present on behalf of the United States, MR. DICKINSON and MR. COLTON.

Present on behalf of the Defendants, MR. LINDABURY, MR. SEVERANCE, MR. BOLLING and MR. REED.

JAMES A. FARRELL

a witness previously sworn on behalf of the Defendants, was recalled and testified further as follows:

DIRECT EXAMINATION (Continued)

By MR. SEVERANCE:

Q. You have told me, Mr. Farrell, of two slight changes that you desired to make in your testimony. With the consent of Judge Dickinson we will do that now.

First, you testified the other day that your recollection was that Jones & Laughlin were interested in the Mahoning Mine. What is the fact about that?

A. I was in error. The Mahoning Mine is owned by the Cambria Steel Company, the Republic, Andrews & Hitchcock, M. A. Hanna & Company, and twenty per cent interest by the United States Steel Corporation.

Q. The Cambria is the largest owner?

A. The Cambria owns fifty per cent. of the property.

Q. You also stated that the Pittsburgh Steel Company started its open hearth furnace in 1901. Do you want to correct that?

A. The wire plant started in 1901, and the open hearth plant was built in 1908.

CROSS EXAMINATION.

By Mr. Dickinson:

Q. Mr. Farrell, you testified as follows, on page 7477, Volume 56 of the typewritten record:

"The National Tube Company has a price list; the American Sheet & Tin Plate Company has a price list, but the prices of our commodities are known to everybody who desires to know them, customers, or trade papers, or anybody else.

"Q. In what way? From these published price lists?

"A. Through the trade papers, through our selling offices principally."

Mr. Farrell, how long has that system prevailed, which you there spoke of?

A. Since the formation of the United States Steel Corporation.

Q. And when you say the prices of your commodities are known to everybody, you mean by that, the prices at which you sold your commodities?

A. Yes; to the trade.

Q. What do you mean by the trade?

A. To buyers of the product.

Q. What were these price lists for?

A. Convenience in selling.

Q. Do they show the prices at which you sell?

A. They show the list price, and then the discount is announced.

Q. The price list and the discounts go together, and from the two it is a matter of publicity?

A. As far as tubes are concerned.

Q. But you also spoke of the American Sheet & Tin Plate Company. How about them?

A. The American Sheet & Tin Plate Company manufacture a large variety of products, with differentials for various qualities.

Q. Are those known generally to the trade?

A. Yes, sir.

Q. How about the other subsidiaries?

A. The same is true in some of the commodities manufactured by some of the subsidiaries.

Q. In respect of what, if any, is it not true?

A. Well, it would not be true with respect to structural material or plates, and possibly some others.

Q. Well, now, what others?

A. Wire rods. There may be others. I cannot think of them.

Q. Then plates and structural material and wire rods, throughout that period have been sold at prices not known to everybody?

A. Oh, no.

Q. Then even as to them the prices were known at which you sold those various commodities, to everybody?

A. Yes.

Q. And your statements covers the period since the formation of the United States Steel Corporation?

A. Yes.

Q. You understood by that that I meant those articles that had just been mentioned,—plates, structural material and wire rods?

A. Yes; and others.

Q. Can you mention any others?

A. I cannot think of them offhand.

Q. It was generally true, however?

A. It was generally true that all prices are known to the public and to the trade through the trade papers.

Q. And the prices at which you sold were a matter of notoriety and there was no secrecy, to people interested, as to the prices at which you were selling?

A. Yes.

Q. And you treated everybody alike?

A. Yes.

Q. And that has been since the formation of the United States Steel Corporation?

A. Yes.

Q. Mr. Farrell, I will ask you if the United States Steel Corporation did not, after its formation and extending over a long period or periods of time, have a secret agreement with the Harriman lines, by which straight preferential prices were given to those lines?

A. No sir; they had no secret agreement.

Q. Were those agreements known to the public?

A. To a large part of the public, I think.

Q. What was the discount?

A. I am not familiar with that. I know that some of our companies made contracts with the various companies, and I think they have made contracts with the lines in the so-called Harriman System for classes of material, for the convenience of the buyer as well as the seller; that is, they are buying ten kegs, fifty kegs, ten tons, fifty tons, and buying a large variety of products for shipment all over the country; and for the convenience of the buyer and for the convenience of our companies, we have made contracts every year. Those contracts, as I recall it, take the average price of the market as a settling price.

Q. Did you not give a discount to the Harriman Lines, based upon the amount of the order a year?

A. Not to my knowledge, sir. I did not recall any such thing.

Q. Did those contracts give the Harriman lines any preference?

A. No sir. I would not regard that as a good contract myself. If I had been the purchasing agent of the Harriman Lines, I would not have made such a contract with the Steel Corporation and its subsidiaries, for the reason that it took an average price over a period.

Q. And you say there is no secrecy about that contract?

A. No. Those contracts were distributed among our own managers in all directions, and were never regarded as being of such a character.

Q. I will ask you whether or not the United States Steel Corporation or any of its subsidiaries has contracts with the American Can Company?

A. It has. The American Sheet & Tin Plate Company has such a contract.

Q. Wasn't that a preferential contract?

A. I want to answer your question directly, but sometimes I cannot.

Q. Answer it in your own way.

A. The American Can Company are the largest buyers—

Q. I will say this, Mr. Farrell, that you are at perfect liberty after you answer me, to make as full an explanation as you want. I would like you to answer if you can.

MR. SEVERANCE: He has answered you. He is proceeding now to give his explanation.

THE WITNESS: (Continuing) The American Can Company is the largest purchaser of tin plate of any single consuming interest in the world; it buys 6,000,000 boxes of tin plate per annum, in round numbers 300,000 tons, practically three fifths of the output of the tin mills of the American Sheet & Tin Plate Company; and because of the quantity they are treated the same as any other large buyers; they are given a price a little lower than it would be to a buyer of a ton of tin plate.

Q. Didn't that contract tie them up to take 99 per cent of their requirements from you?

A. I believe that it contemplated their taking the bulk of their requirements from us; I do not recall any percentage.

Q. Now do you say that that contract was known, and that your other customers knew the price at which you were selling the American Can Company?

A. I think, in some instances.

Q. In some instances.

A. Yes.

Q. But was it generally known?

A. I do not think it was published in the newspapers, but I think such large buyers of tin plate as the Continental Can Company knew it.

Q. Did you make any announcement of it?

A. I think not.

Q. Did your subsidiary make any announcement of it?

A. Not to my knowledge.

Q. Do you know of any publicity that in any way was given to the contract by the United States Steel Corporation or any of its subsidiaries?

A. Not any general publicity.

Q. Wasn't it a secret agreement?

A. I did not consider it as such for the reason that a contract of that kind would be made with any large buyer of material.

Q. Was it not a confidential agreement?

A. Not to my knowledge.

Q. Will you say that it was not confidential, or that you simply do not know?

A. Well, I would say, perhaps, that I am not in an intelligent position to say whether it was confidential or not.

Q. Over what periods did those contracts extend?

A. Over a period of five years.

Q. Beginning when?

A. I think in 1907 or 1908.

Q. Was there not one previous to that?

A. I do not know. I do know that that contract that you refer to has been revised.

Q. When was it revised?

A. Several months ago.

Q. After the filing of this bill?

A. Yes; but it had no connection with the filing of this bill.

Q. But in point of time, it was subsequent to it?

A. Yes; the phraseology of the contract was changed.

Q. But you do know that from 1908 continuously down to the time of the filing of the petition in this cause, November, 1911, such a contract did exist?

A. I know that a contract for approximately 300,000 tons of tin plate existed between the American Sheet & Tin Plate Company and the American Can Company. I do not consider there was anything unusual about such a contract, a quantity contract.

Q. You do know, however, that it was based upon the requirement that the American Can Company should take a certain percentage of what they used, of their requirements?

A. I do not recall any specific percentage, but I should gather that a contract of that nature would probably call for the bulk of the requirements of such a company; that would be the object of giving them a quantity price.

Q. That is to say, it did not require them to take any specific tonnage from time to time, but the bulk of their requirements?

A. I should say so, yes.

Q. And they were to buy them from you and no one else, and got this discount on that condition, did they not?

A. I do not consider it so, because within my knowledge

they have bought material from other people during the existence of that contract.

Q. That amounted to more than the excepted percentage?

A. I do not know as to that. I know from time to time they bought from other people.

Q. But up to the percentage of their requirements that was agreed on, they had to take that from you and not from other people, in order to get the prices named in that contract, did they not?

A. I presume that would be the sense of the contract. The contract was prepared by very eminent legal gentlemen who thought it was a proper contract for a quantity contract.

Q. I am not questioning the ability, but it was a percentage contract, was it not?

A. I am not in an intelligent position with respect to that; I have answered that to the best of my knowledge and belief.

Q. Now I will ask you if there were any confidential discounts given by the National Tube Company to certain of its customers, running over long periods, from the time of the formation of the Corporation on down.

A. I do not know.

Q. Then, if there were such agreements, you do not know.

A. I do not.

Q. Then, when you stated that "the prices of our commodities are known to everybody who desires to know them, customers or trade papers," you did not intend to state absolutely of your own knowledge that there were no such confidential discounts?

A. The National Tube Company, or any of our companies, might sell a man a very large quantity of material at a somewhat lower price than they would sell a man a carload or 50 or 100 tons of material.

Q. But I am not asking about that; I am asking whether they did it under agreements that were confidential and marked confidential.

A. I do not know.

Q. Then I ask again the question: When you stated that the prices of your commodities are known to everybody who desires to know them, customers or trade papers did you

mean to state by that affirmatively, of your own knowledge, that there were not customers of the subsidiaries of the United States Steel Corporation who from time to time from its formation down to the filing of the petition in this cause did not have confidential or preferential treatment?

A. Generally speaking the prices were known to everybody?

Q. But do you say that you know that during that period there were no contracts made by any of the subsidiaries of the Corporation by which confidentially any preference was given over the general public?

A. No, I should say that in the case of quantity contracts the same prices would be given any large buyer.

Q. Do you say that you know that throughout the period from the formation of the Corporation down to the filing of the petition in this case none of the subsidiaries of the Corporation gave to certain of their customers confidential and preferential treatment by which they got prices different from those that were known to everybody and to customers generally and the trade papers?

A. I should say that no such concession would be made to anybody unless it was in the case of large quantities of material, the general price of the commodity is the market price; if a man buys 50,000 tons of material, the possibilities are he would get it at a lower price than a man buying 500 tons.

Q. Yes, but Mr. Farrell, you are not answering my question, I submit, and that is whether you state positively that you know that throughout the period from the formation of the Corporation down to the filing of the petition in this cause there were no contracts or agreements made privately or confidentially by any of the subsidiaries of the United States Steel Corporation by which certain of their customers bought commodities at prices not known to everybody, prices not given to all the customers, and prices not generally known to trade papers?

A. Positively?

MR. DICKINSON: Read my question.

(The question was read by the stenographer as above recorded.)

A. I know of no reason why there should be any secrecy about any contract made by any of our companies.

By Mr. Dickinson:

Q. I am not asking now for a theoretical answer, or for any reasons that you know, but I am asking if you, by virtue of your knowledge of the affairs of this Corporation, state positively, of your own knowledge, that no such arrangements as I have described existed.

A. I want to answer the question, but as I have stated repeatedly, I know of no contracts made by any of our companies that would not be made with anybody for the quantities, and they might not necessarily be published in trade papers, but we would not consider them secret or special or confidential contracts.

Q. Do you say that there were no contracts—

A. I do not.

Q. Wait a moment—that there were no contracts made by any of the subsidiaries of the United States Steel Corporation from the time of the formation of the Corporation down to the filing of the petition in this cause, by which certain of the customers of such subsidiaries got, under confidential agreements, prices that other of their customers did not get, and prices which were not generally known to the trade?

A. I do not profess to say that I know of every contract which might have been made by every one of our companies.

Q. Therefore you do not say that you know that no such contracts existed?

A. Well, I should say that I am in a pretty intelligent position as to what exists in the form of contracts.

Q. How far back does that intelligence go?

A. I have been associated with the general managers of sales practically since the formation of the Corporation; and in our deliberations all such matters are discussed, and it is hardly likely that any contract of any magnitude or importance would be consummated without informal discussion.

Q. Then you are basing your answer upon probabilities, are you not?

A. Well, you might term it probabilities.

Q. Now do you say that you have, covering that entire

period, such an intimate knowledge of the affairs and the conduct of the business of the several subsidiaries of the United States Steel Corporation that throughout that time none of them made private or confidential agreements by which some of their customers got preferential treatment and at prices which were not known generally to their customers at large, and which were not known to the trade papers?

A. I would not say so.

Q. You would not say so. Now, Mr. Farrell, did you have any intimate inside knowledge of the workings of the billet pool or the structural pool or the rail pool that existed down to about 1904?

A. No sir.

Q. Did you attend those meetings?

A. No sir.

Q. None of them?

A. No sir.

Q. You did not know what transpired at them?

A. No sir.

Q. Now, in line with what I was asking you a while ago, I call your attention to Government Exhibit No. 162.

MR. SEVERANCE: Which volume?

MR. DICKINSON: Volume IV.

By MR. DICKINSON:

Q. Do you know who the members of the Billet Association were?

A. No.

Q. Or the structural pool association?

A. No.

Q. Do you know anything about its purposes or meetings or who attended them?

A. No.

Q. I show you Government Exhibit 162, Volume IV, pages 1486 and 1487, and ask you to examine it. It is entitled "Agreement made and entered into this 1st day of July, 1903, by and between Carnegie Steel Company, hereinafter called the Sellers, and the Pittsburg Steel Company, hereinafter called the Buyers." Are you familiar with that contract?

A. No sir.

Q. Please examine it, will you, and then pass it back to me. (Handing book to witness).

Q. Mr. Farrell, the first clause of this provides for all the billets required for use at said buyer's plant, estimated to be about 15,000 gross tons per calendar month. Is that a pretty substantial amount—15,000 tons per month.

A. It is a fair quantity for a steel finishing mill.

Q. Of that size?

A. Yes; I should say so.

Q. You would call that a large contract, would you not?

A. Yes; it would be an important contract.

Q. I will read you from page 1487, Paragraph No. 1, as follows:

"(1) The prices to be paid under this agreement for such Billets shall be fixed at the end of each month for the deliveries of that month, and shall be determined by deducting Two Dollars ($2.00) per gross ton from the ruling price at which Billets have been sold during that month by the Steel Billet Association, or any member thereof, so long as said Association continues in existence, which price shall in no case exceed Twenty-five ($25.00) per gross ton for Billets delivered f. o. b. Buyers' works at Monessen and Glassport, Pa., during the term of this contract; and if such Steel Billet Association shall become dissolved then the price to be paid hereunder by the Buyers shall not exceed the lowest price at which the Sellers have delivered Billets during such month to others."

On the next page, 1488, I read the following:

"This contract is made for the entire supply of billets required by the Buyers, excepting, however, a certain contract with the Clairton Steel Company, which antedates this contract."

Did not this contract tie up the Pittsburgh Steel Company to the Carnegie Company, to take from the Carnegie Company all the billets that it would use in its business except what had been previously covered by a contract with the Clairton Steel Company?

MR. SEVERANCE: Just a moment. I object to that. This contract is not ambiguous. You have just read it to him, and you are asking him to construe perfectly plain language.

It shows on its face what it provides, and there is no necessity for asking a witness what the contract means, when you have the contract in evidence. I object to it.

MR. DICKINSON: If it is so plain, it will not trouble him to answer it.

By MR. DICKINSON:

Q. What do you answer to that, Mr. Farrell?

A. Apparently. I should call it a mutual transaction.

Q. But on that point you would say apparently it does?

A. Yes.

Q. The Clairton Steel Company, with which it had a previous contract, was subsequently taken over by the Corporation, was it not?

A. It was.

Q. At what time?

A. About 1904.

Q. Then the Clairton Steel Company and the Carnegie Company, at the time the Clairton was taken over, were both selling to the Pittsburgh Steel Company?

A. The Clairton Company was in process of building; they were building blast furnaces and open hearth furnaces there.

Q. Under this contract they were selling, were they not, billets?

A. My recollection is that they were getting ready to sell.

Q. They were taking orders?

A. I had not heard of them to any extent in the market.

Q. Coming back now to page 1487, Mr. Farrell, I will ask you if this is not a preferential agreement with the Pittsburgh Steel Company, by which, in consideration of its taking the requirements specified, it was to get its billets at $2 per ton gross less than the price at which the Steel Billet Association was selling?

MR. SEVERANCE: I object. The contract speaks for itself; it is perfectly plain.

THE WITNESS: I should denominate this as a quantity contract.

By MR. DICKINSON:

Q. Would you not denominate it also as a preferential contract?

A. Not necessarily, no.

Q. Would you say that under this contract the Pittsburgh Steel Company was getting its billets at the prices which were known to everybody and to all the customers of the Carnegie Company, and to trade papers, or anybody else?

A. I should think that a contract of that kind would be pretty generally known in the trade. All such contracts are known more or less.

Q. Do you say, of your own knowledge, that this was known in the trade?

A. I say that I should think they would be.

Q. You are thinking now, but I am asking you if you know.

A. No, I do not know.

Q. But this was a price, was it not, less than the general price at that time?

A. I am not familiar with this contract. I have read it; I have heard you read it, and I have read it myself.

Q. Then you did not know anything about this contract?

A. It explains itself.

Q. You did not know anything about it?

A. It was general knowledge in the trade that such a contract existed.

Q. Did you have knowledge that it existed?

A. Yes. I did not know the specific terms of the contract, but I knew that these people had made a contract for a large quantity of material.

Q. You did not know the specific terms of it?

A. The specific terms I did not know.

Q. Did you have this contract in mind when you said that from the time of the formation of the United States Steel Corporation on, the prices of the commodities sold by the subsidiaries of the United States Steel Corporation were known to everybody who desired to know them, customers or trade papers or anybody else?

A. It would be among the number, I should think.

Q. I say, did you have that in mind when you answered that question?

A. Not that specific contract, no.

Q. At that time, July, 1903, was the Pittsburgh Steel Company a large company?

A. The Pittsburgh Steel Company were large manufacturers of wire products.

Q. What other concerns than the Carnegie Company were in a position to sell to the Pittsburgh Steel Company? I mean, to sell billets.

A. The Cambria Steel Company, Jones & Laughlin, and a number of others. In fact, I think they sold quite a good many.

Q. Did not this contract, however, during this period, tie that customer, which you say was a large concern, up to the Carnegie Company to take all of its requirements, the reduction being given of $2 from the prevailing prices?

A. Apparently; but in the case of an accident to one of the Carnegie mills, these people would have had to go out and buy their material somewhere else, and that contract would not have been operative.

Q. Do you know whether there was such an accident during the operation of this contract?

A. I do not.

Q. You do not recall any?

A. No, sir.

Q. Then, if there was not such an accident, you would answer me in the affirmative?

A. Yes.

Q. Did not the United States Steel Corporation have contracts with the National Transit Company, which was a subsidiary of the Standard Oil Company, by which in certain lines the National Transit Company was to take all of its requirements?

A. I understand that they had a contract to take a large quantity of materials; I am not sufficiently informed as to the language of the contract.

Q. Do you know what the prices were?

A. No.

Q. Do you know that they were less prices than you were giving others?

A. I do not imagine they would be.

Q. I am not asking now for imagination, but what you know as to facts. Do you know the fact one way or the other?

A. No, I should say, if it is permissible to say it, that they would be the current market prices.

Q. Do you say they were the current market prices?

A. No.

Q. Do you say they were not preferential?

A. I do not know.

Q. Do you say that they were known generally to the trade, the existence of these contracts?

A. Pretty well known, yes.

Q. Were they known to the trade papers?

A. I haven't any recollection of seeing anything in the trade papers concerning that contract.

Q. Were they known to the other customers who were buying at the same time the same class of material?

A. I presume so; I should think they would get the market price.

Q. You say you presume so; do you know so?

A. It is the custom, that large buyers get about the same average prices.

Q. Do you say that you know that the existence of these contracts between the Carnegie Company and the National Transit Company was known to other customers who during the same period of time were buying the same class of commodities?

A. Not specifically.

Q. Would you consider 50,000 tons a year a large contract?

A. Yes.

Q. Would you consider 200,000 tons a very large contract?

A. Fairly large, yes.

Q. Didn't these contracts embrace that much?

A. I should think so.

Q. When you answered the question put to you and said: "The prices of our commodities are known to everybody who desires to know them, customers or trade papers or anybody else," and you answered my question that that covered the whole period from the formation of the Corporation, did you have in mind this contract or series of contracts between the Carnegie Company and the National Transit Company?

A. Not that particular contract.

Q. That was not present in your mind when you answered that question?

A. No.

Q. Now, in view of your recollection having been refreshed as to some of these matters, do you say that the prices of commodities at which the various subsidiaries of the United States Steel Corporation sold from 1901, down to the time of the filing of the petition in this case, were known to everybody who desired to know them, customers or trade papers or anybody else?

A. I should say that if anybody desired to know the terms of that contract, I do not imagine there would be any difficulty in his learning the terms of the contract. I would not consider such a contract a secret or confidential contract; that was a quantity contract. All those contracts are quantity contracts.

Q. Do you regard that a quantity contract is the same as a contract requiring a customer to take all of its requirements?

A. Practically.

Q. When you require a customer to take all of his requirements, that ties that customer up to you during the period of that contract, does it not?

A. If it required the customer to take all his requirements—

Q. By a 99 per cent contract—

Mr. Severance: Let him finish his answer. You interrupted him.

The Witness: (Continuing) If it required a customer to take all his requirements it would be, substantially, yes.

By Mr. Dickinson:

Q. And 99 per cent would be practically all, would it not?

Mr. Severance: I suppose most anybody could figure what relation 99 is to 100.

By Mr. Dickinson:

Q. What would you say, in view of the plain explanation of counsel on the other side?

A. I should say it was substantially all of their requirements.

Q. The effect of that would be to take that customer out of the market and away from other sellers of like things during the period that such a contract was in existence, would it not?

A. Temporarily.

Q. During the time such contract was in existence?

A. Except in the case of some accident to the works or strikes, or something of that kind; but these contracts are common with our competitors as well as with ourselves.

Q. That is what you call a "back-log" contract?

A. No, a back-log contract is a composite order-book.

Q. What does that mean?

A. It means an accumulation of great quantities of all classes of material.

Q. Well, does it not mean an accumulation of great quantities of all classes of material covered by the existing contract, by which you can rely, through certain periods, on selling these things?

A. If there was a large quantity of them, constituting a large tonnage, from a great number of people.

Q. Mr. Farrell, what do you mean by the expression "constantly shown a decline?"

A. A gradual decline over a period.

Q. Continuous?

A. Not necessarily, but—

Q. What does constancy mean except continuity?

A. It does; yes.

Q. So it means, then, a continuous decline over a period?

A. Yes, it would mean that.

Q. What do you mean by the expression "the domestic department?" Do you mean the domestic trade in this country as contradistinguished from export trade?

A. Yes.

Q. In Exhibit 42, put in evidence by the defense, I see that the price of Bessemer rails, domestic, in 1904 was $27.31; in 1905, $27.31; in 1906, $27.52; in 1907, $27.84; in 1908, $27.96; in 1909, $27.82; in 1910, $27.82. Would you call that a con-

stant decline from 1904 to 1910 in the price of Bessemer rails, heavy domestic?

A. No, there is apparently some variation, but not very much decline.

Q. Is it not a constant increase?

MR. SEVERANCE: Do you mind if I show him the exhibit? He probably does not carry those figures in his mind.

MR. DICKINSON: No, I do not want him to see the exhibit now.

MR. SEVERANCE: Then I would ask that the reporter read him the question, so he can see the figures you have named.

MR. DICKINSON: Read it to him—all right, let him look at the exhibit: we will get along quicker.

(Paper handed witness by counsel.)

(The question was then repeated as above recorded.)

THE WITNESS: No.

By MR. DICKINSON:

Q. The next on the list is O. H. rails, heavy domestic, for which there are no figures from 1904 to 1907; for that reason I pass that by. Now, coming to the next, rails light, without reading these figures, I will ask you to look at the figures shown there for domestic, for the years 1904 to 1910, inclusive, and say if that shows a constant decline.

A. No.

Q. The next is Rails, Girder, Domestic; look at the figures given there from 1904 to 1910 and say whether that shows a constant decline.

A. No.

Q. Take the next, Blooms, Slabs, Large Billets, Bessemer, domestic. Look at the figures given there from 1904 to 1910 and say whether that shows a constant decline.

A. The prices are variable.

Q. Does it show a constant decline?

MR. SEVERANCE: You stop with 1910, do you?

MR. DICKINSON: From 1904 to 1910. The reason I stop there is that the subsequent years embrace the period involved since the filing of the bill, part of 1911, and 1912.

By Mr. Dickinson:

Q. What is your answer to that?

A. In some years they show a decline.

Q. But does it show a constant decline?

A. Not a constant decline, no, if "constant" is something that is like a toboggan; it does not show that.

Q. Is it not a fact that the price was higher in 1910 than it was in 1904?

A. Yes, and $2 lower in 1911, and $3 lower in 1912, but you do not take those years into consideration.

Q. No, I do not take those into consideration, because we think that some things began to happen after we filed the bill.

A. Of course I have in mind the period over which we are doing business.

Q. Yes. Now, take the next, Blooms, Slabs and Large Billets, Open Hearth, Domestic, from 1904 to 1910. Does that show a constant decline?

A. No; there is a great deal of variability about the prices in the different years.

Q. Was the price ever as low, after 1904, as it was in 1904, during those years?

A. No.

Q. What was the price for 1904?

A. $20.31.

Q. And what for 1910?

A. $24.38.

Q. You would not call that a decline at all, would you?

A. No, but 1912 is $20.25 and 1911, $21.46.

Q. What did you say?

A. 1912, $20.25; 1911, $21.46. Those prices are lower than any of these years.

Q. And the Steel Corporation was being investigated in 1911 by the Stanley Committee, was it not?

A. Sir?

Q. The Stanley Committee was investigating the Steel Corporation in 1911, was it not?

A. There was a Congressional committee investigating the Steel Corporation in 1911.

Q. After 1910 it seems that prices went down in that commodity, did they?

A. In most commodities.

Q. What?

A. We consider that is due to the efficiency of our plants.

Q. I did not hear you.

A. I say, most of them went down.

Q. Now, the next item is Billets Small, Bessemer. Look at the years 1904 to 1910 and say whether there was a constant decline throughout that period.

A. It was $20.34 in 1904, and $18.44 in 1912.

Q. What was it in 1910?

A. Oh, in 1910, $22.84.

Q. And that was higher than it was in 1904, was it not?

A. Yes.

Q. And higher than it was in 1905, is it not?

A. Slightly.

Q. And higher than it was in 1909, is it not?

A. Moderately so.

MR. SEVERANCE: Just to save time, ask him if it was higher than it was in 1906, 1907 and 1908.

MR. DICKINSON: You can ask him as to those, if you want to.

MR. SEVERANCE: It will save me the trouble of going back to them.

MR. DICKINSON: I am not saving your time now, I am trying to save my own time.

By MR. DICKINSON:

Q. The next is this: Billets, Small, Open Hearth, Domestic. Answer as to those, from 1904 to 1910, as to whether there was a constant decline.

A. No, sir.

Q. To save you the trouble of saying it, there was a decline, however, from 1910, to 1912, was there not?

A. Yes; from 1907 on.

Q. From 1907 on?

A. Yes.

Q. Was it a constant decline throughout the period, however, that I have embraced in my question, 1904 to 1910?

A. No.

Q. Take the next item: Sheet and Tin Plate Bars, domestic, from 1904 to 1910: Was there a constant decline?

A. No.

Q. Take the next: Plates, Sheared, Domestic, from 1904 to 1910: Was there a constant decline?

A. A substantial decline; about $5 a ton less last year than in 1904.

Q. But was there a constant decline?

A. With the exception of one or two years there was a constant decline.

Q. I repeat, was it a constant decline throughout that period?

A. No, sir; it was not a constant decline.

Q. Take the next item: Plates, Universal, Domestic, 1904 to 1910, inclusive. Does that show a constant decline?

A. A decline in some years, but it is not a constant decline.

Q. Take the next: Angles, Domestic, for the same years; does that show a constant decline?

A. $5 a ton in some years, but not a constant decline.

Q. Take the next: Beams, for the same years; does that show a constant decline?

A. No.

Q. Was it not higher in 1910 than it was in 1904?

A. A dollar a ton; two dollars a ton lower the next year, three dollars a ton the next year after it.

Q. My question was was it not higher in 1910 than it was in 1904?

A. Yes; a dollar a ton.

Q. Take the next: Channels, Domestic, for the same period. Does that show a constant decline?

A. It shows the same price for 1904 to 1910.

Q. But does it show a constant decline from 1904 to 1910?

A. No.

Q. It shows a very material rise over 1904, in the years 1906, 1907 and 1908, does it not?

A. Yes; and then we begin to get lower, afterwards.

Q. What is the next item?

MR. SEVERANCE: Zees and Tees are the next on the list.

By Mr. Dickinson:

Q. The next item is Zees and Tees. What does that show as to a constant decline over the same period?

A. It is not a constant decline, but five dollars a ton less in 1912 than it was in 1904.

Q. You understand, do you not, Mr. Farrell, that I am talking all the time about the years from 1904 to 1910?

A. There is a mass of figures here, and it is difficult to follow them.

Q. I do not think there is anybody that can follow figures better than you can. The next item is: Structural Shapes, North Works, Domestic. It is only given here for the years 1904 to 1909. Does that show a constant decline?

A. No, sir.

Q. The next is Structural Shapes and Bars, American Bridge, Domestic: Does that show a constant decline? It is only given here for the years from 1904 to 1909, inclusive?

A. It shows a decline of $4 a ton between 1904 and 1909.

Q. It shows, also, does it not, in 1908, the price?

A. Yes; it shows a higher price in 1908.

Q. And in 1907?

A. Yes, sir.

Q. And in 1906?

A. Yes.

Q. Now, take the next item, Merchant Bars and Bands, Domestic, for the years from 1904 to 1910, inclusive. Does that show a constant decline?

A. No.

Q. Take the next item, Spring Steel, Domestic, for the same years: Does that show a constant decline?

A. No; there is a variation of about a dollar a ton in different years.

Q. Does it not show a higher price in 1906, 1907, 1908, 1909 and 1910?

A. Slightly.

Q. Take the next item: Skelp, Domestic, for the same years; does that show a constant decline?

A. No, sir.

Q. Does it not show some years that the price was higher?

A. Yes; and lower in some.

Q. Was it not higher in 1910 than it was in 1904?

A. Yes; somewhat.

Q. And higher in 1909?

A. Yes; about 80 cents a ton higher.

Q. And higher in 1908?

A. Yes.

Q. And higher in 1907?

A. Yes.

Q. And higher in 1906?

A. Yes.

Q. And higher in 1905, too, was it not?

A. Slightly.

Q. Was there any decline from 1904 to 1910? If so, what was it?

A. There was not any decline until 1911.

Q. Take the next item: Hoops, Domestic, for the same years; does that show a constant decline?

A. No, sir. Those hoops are being sold for different purposes now than they were some years ago, largely. They are sold for cold rolling, and bring a higher price.

Q. Was not the price higher in 1909 than it was in 1904?

A. Because of the character of the material.

Q. It was higher, was it?

A. Yes; the price was higher; but the character of the material was higher.

Q. And it was higher in 1906, was it not, than it was in 1904?

A. Yes.

Q. Was it not higher in every year, from 1904 to 1910 inclusive, than it was in 1904?

A. Yes; that follows because of the increased cost of making these goods.

Q. There has been an increased cost in making rails also, has there not?

A. Yes.

Q. Has there ever been any increase in the price of standard steel rails during that long period?

A. I think it is tending upwards.

Q. Since when?

A. Today thirty per cent of our rails are sold at $28 a ton.

Q. You say it is tending upwards?

A. Yes.

Q. Since when?

A. For several years.

Q. How long back?

A. I could not be specific as to the date.

Q. Do you mean to say that from 1901 to the time of the filing of the petition in this cause the price of standard rails has changed?

A. The specifications are changed.

Q. Yes, I know; those are particular orders, are they not; but about standard rails?

A. They sold at about $28.

Q. The cost has been increased?

A. Yes, the cost has.

Q. But the price has remained constant?

A. About the same price.

Q. Take Cotton Ties, the next article, for the same years, has the price constantly declined?

A. 1904?

Q. 1904 to 1910 inclusive?

A. It was lower in some years—1909.

Q. Is not that the only year it was lower?

A. About the same in 1910.

Q. Isn't that the only year during that period that it was lower, 1909?

A. During that period.

Q. In all the other years it was higher?

A. Except in 1912.

Q. Yes, but I am not asking about that. The next is Tie Plates. Throughout that period was there a constant decline?

A. No.

Q. Splice Bars and Rail Joints is the next. Was there a constant decline?

A. The price was variable; it was not a constant decline.

Q. Wasn't the price sometimes higher?

A. Sometimes higher and sometimes lower.

Q. During that period in how many years was it lower?

A. What articles?

Q. Splice Bars and Rail Joints?

A. Lower in 1905.

Q. In all the others it was higher, was it not?

A. Yes; somewhat higher.

Q. The next is Spikes, Bolts, Nuts and Fastenings. During that period does it show a constant decline?

A. No.

Q. The next is Axles, turned W. S. and J. Does that show a constant decline throughout that period?

A. No.

Q. Wasn't the price higher in 1910 than it was in 1904?

A. Yes.

Q. Wasn't it higher for every other year throughout that period than it was in 1904?

A. It was.

Q. The next is axles, turned all over. Does that show a constant decline?

A. No.

Q. Don't it show an increase in every year between that period, over 1904?

A. No.

Q. What do you mean by "no?"

A. I am answering your question, whether it shows a constant decline.

Q. But my question is, does it not show that for each year within that period it was higher than it was in the year 1904?

A. Yes.

Q. Take the next, Axles, Forged Only. Does that show a constant decline?

A. No, sir.

Q. Wasn't it higher in every year throughout that period than it was in 1904?

A. Moderately.

Q. It was higher.

A. Yes, higher.

Q. Take the next, Axles, Locomotive Driving. Does that show a constant decline?

A. No.

Q. Wasn't it higher in every year given here than it was in the year 1904, during that period?

A. Yes.

Q. The next is Axles, American Bridge. 1904 is not given, but 1905 is given. Was it higher in 1906 or lower than it was in 1905?

A. Higher.

Q. The same question as to 1910.

A. Higher.

Q. Those are the only years given. The next is Wheels. The only years given here are 1908, 1909 and 1910. I mean, within the period I am asking about.

A. They show a constant decline.

Q. And that is the first one of all the whole list that did?

A. That is because of the character of this product. You call an axle "American Bridge." That axle is a special axle in each instance. Now, hoops constitute a great variety of product, rolled in the hoop mills.

Q. Is not that the only one of all that I have read that show a constant decline?

A. Yes.

Q. And that does not cover the year 1904.

A. It covers the period in which we engaged in that business.

Q. And that did not go back of 1908?

A. No.

Q. The next is Steel Ties; for the same years state whether that shows a constant decline.

A. Not a constant decline.

Q. Well, was there a constant decline in any year except 1905?

A. There again; these ties are all special ties; they are not all alike. Some cost more money and some cost less.

Q. Well, I am taking the exhibit as you have made it up, and now I am asking whether it shows a constant decline.

A. No, sir.

Q. In 1904 it was $25.83, was it not, and in 1905 it was $22.05, was it not?

A. Which one are you speaking of?

Q. Steel Ties; the last one.

A. $22.05.

Q. Now the next year it went up to $49, did it not?

A. The type of the tube was changed, and it cost more money; it weighed more.

Q. Then it went down again, did it not, from $46 to $37, the next year?

A. It did.

Q. And throughout that period there is only one year when it was lower than it was in 1904?

A. Yes. Are you going to take up some of these other items?

Q. I have taken up all on that sheet.

MR. SEVERANCE: Take them on the next page.

MR. DICKINSON: I do not care about taking it on through.

THE WITNESS: They are all showing declines here.

By MR. DICKINSON:

Q. I will take them right along, then, if you do not mind the time. The next is Wire Galvanized Twisted.

MR. SEVERANCE: No, Steel Piling next.

THE WITNESS: At the top of the page.

MR. SEVERANCE: You overlooked the second page.

MR. DICKINSON: Yes, I did overlook it.

By MR. DICKINSON:

Q. The next is Steel Piling. There are no figures given here for 1904, 1905 and 1906, are there?

A. No; we commenced the manufacture of it in 1907.

Q. Take the years from 1907 to 1910. Does that show a constant decline?

A. The prices in each year are lower than the prices in 1907.

Q. Well, in 1907; but does it show a constant decline?

A. No, it is $35.01 in 1907; $28.27 in 1908; $30.28 in 1909, and $32.66 in 1910.

Q. Well, then there was an increase in 1909 over 1908, was there not?

A. Yes.

Q. And an increase in 1910 over 1908 and 1909?

A. All lower than 1907; yes.

Q. But I am asking you now about a constant decline. It does not show any constant decline?

A. No.

Q. Take the next item, Merchant Pipe Black. Does that show a constant decline?

A. It does not show a constant decline; it shows $4 a ton less in 1910 than 1904.

Q. Yes, and it shows nearly $7 more in 1908 than in 1904, does it not?

A. It is variable in different years.

Q. It does not show a constant decline, does it?

A. No, sir.

Q. Take the next, Merchant Pipe, Galvanized; does that show a constant decline?

A. No, sir.

Q. Take the next, Oil Country Goods; what are oil country goods?

A. Pipe used for driving oil wells.

Q. Does that show a constant decline?

A. Yes, sir.

Q. Let us see; in 1906——

A. Excepting in one year there.

Q. Then it does not show a constant decline?

A. It does not, no.

Q. Look at O. D. & Miscellaneous for the same years; does that show a constant decline; 1904 to 1910, all these questions relate to.

A. No, not a constant decline; about $6 a ton less than it was in 1904.

Q. Take the next, Boiler Tubes; does that show a constant decline?

A. It shows a decline of $14 a ton from 1904 to 1910, but not a constant decline.

Q. Take the next, Seamless Tubes, does that show a constant decline?

A. It shows a decline of $40 a ton between 1904 and 1910, but not a constant decline; variable prices.

Q. Does it not show a higher price in 1907 than in 1906?

A. Yes.

Q. And a higher price in 1908 over 1906?

A. Yes.

Q. Take the next; Tube Fittings; does that show a constant decline?

A. No.

Q. Tie Plate Slabs, does that show a constant decline?

A. No.

Q. Tin Plate, Cokes; does that show a constant decline?

A. No.

Q. Tin Plate Charcoals; does that show a constant decline?

A. No.

Q. Take the next, Tin Plate Ternes; does that show a constant decline?

A. No.

Q. The next is Black Plate; does that show a constant decline?

A. No; the prices are variable, but not constant.

Q. Was it not higher in 1910 than it was in 1904?

A. Five cents per hundred pounds.

Q. Was it not higher in 1906 than it was in 1904?

A. 1906?

Q. Yes.

A. Yes.

Q. Was it not higher in 1907 and 1908 than it was in 1904?

A. Slightly.

Q. Take the next: Black Sheets, and answer the same question as to whether there was a constant decline?

A. No, sir.

Q. Was it not higher in 1906 than it was in 1904?

A. $1.50 a ton.

Q. Was it not higher in 1907 than it was in 1904?

A. Yes.

Q. Was it not higher in 1908 than it was in 1904?

A. Yes, sir.

Q. And higher in 1909 than it was in 1904?

A. Yes, sir.

Q. And higher in 1910 than it was in 1904?

Q. And in 1908?

A. Slightly.

Q. It was higher in either of those years than it was either in 1904 or 1905?

A. Slightly.

Q. Take the next item. That gives but four years, but I will ask you to take the items right along: Wire Furniture Spring, for the years shown here, from 1907 to 1910, inclusive: Does that show a constant decline?

A. Not a constant decline.

Q. Does it not show an increase in 1908 over 1907?

A. Only in one year. One year shows an increase; all the others decrease.

Q. You say all the others show decreases. Does it not show that in 1910 it was higher than in 1909?

MR. SEVERANCE: Of which one are you speaking now?

MR. DICKINSON: Wire Furniture Spring.

THE WITNESS: In 1910?

By MR. DICKINSON:

Q. Yes; it was higher in 1910, than it was in 1909?

A. 24 cents a ton, yes.

Q. It was higher?

A. Yes.

Q. Then you were mistaken when you said it showed a decrease for all the other years?

A. I referred to 1907.

Q. Take the next item: Wire Liquor Finished Fine. Does that show a constant decrease for the years named?

A. Not a constant decrease, but a very material decrease.

Q. Does it not show a very material increase of 1908 over 1907?

A. It does; but a decrease of $26 a ton between 1904 and 1910.

Q. You would call that fluctuating, not constant, would you not?

A. Oh, yes.

Q. The next item: Standard & Miscellaneous Wire Nails; does that show a constant decrease?

A. Not a constant decrease.

Q. The next: Staples Galvanized. How about that?

A. Not a constant decrease.

Q. The next: Staples, Polished; how about that?

A. It decreases in some years.

Q. It is not a constant decrease, is it?

A. No, sir. Over a period of years it is a decline of $3 or $4 a ton.

Q. The next is: Wire Galvanized Coarse. How about that?

A. Not a constant decrease.

Q. The next item is: Wire Extra Galvanized. How about that?

A. It decreases in some years.

Q. And increases in others, does it not?

A. Yes.

Q. In 1904 it was $61.77 and in 1907 it was $63.20, was it not?

A. Yes; and $59.51 in 1905.

Q. Then it increased in 1906 over 1905, did it not?

A. The wire is all made to specifications. The amount of spelter on the wire makes the price.

Q. For every year after 1905 does it not show an increase over 1905?

A. Yes, until you get down to 1912.

Q. The next is Wire Tinned Coarse. Does that show a constant decline?

A. A substantial decline, but not a constant decline.

Q. Well, in 1906 it was $65.96, and in 1907 it was $76.69, was it not?

A. Yes.

Q. Take the next, Wire, Tinned Mattress & Broom. Does that show a constant decline?

A. A decline of $6 a ton between 1904 and 1910, but not a constant decline. It changes, different prices in different years.

Q. It shows a higher price, does it not, in 1908 over 1907, 1906 and 1905?

A. Slight.

Q. The next is Wire, Painted Barbed. Does that show a constant decline?

A. $3 a ton lower the next year and $5 in 1912.

Q. You are getting over to 1912.

A. You do not keep on.

Q. I hate to show how much it has reduced after the filing of my petition.

MR. SEVERANCE: I should think you would be proud to have produced such a wonderful effect, Judge.

MR. DICKINSON: It would look like taking an unfair advantage.

By MR. DICKINSON:

Q. The next item is Galvanized Sheets. Does that show a constant decline?

A. No; it is variable; not constant.

Q. Was it not higher in every year from 1905 to 1910 inclusive than it was in 1904?

A. Somewhat, in some years.

Q. Take the next item: Polished and Planished Sheets. Does that show a constant decline?

A. Between 1904 and 1908.

Q. Does it show a constant decline?

A. No; $16 a ton lower in 1910 as compared with 1904.

Q. And it was higher in 1909 than it was in 1908 or 1907 or 1906 or 1905, was it not?

A. Slightly.

Q. Next, Rods, Bessemer; does that show a constant decline?

A. No, sir.

Q. Was it not higher in every one of those years than it was in 1904?

A. Yes.

Q. The next is Rods, Basic and Acid. Does that show a constant decline?

A. No.

not

R. SEVERANCE: You mean, up to 1910?

Q. DICKINSON: Yes; in all my questions.

stant

SEVERANCE: This exhibit shows a distinct decline, of

A.

but not

Q. D

By Mr. Dickinson:

Q. Now, Mr. Farrell, was it not higher in every one of those years, that is to say, from 1905 to 1910 inclusive, than it was in 1904?

A. Yes, sir.

Q. Take the next item: Rods, Special. Does that show a constant decline?

A. Not constant.

Q. Was it not higher in 1907 than it was in 1904 or 1905 or 1906?

A. It varied. Those rods were for special purposes, specially analyzed, and you cannot tell anything about the average price of those rods.

Q. I am only taking what you give us.

A. This sheet was prepared to show the difference between export and domestic prices.

Q. But it shows the facts, does it not?

A. Oh, yes.

Q. Take the next item: Wire, Bright Coarse: does that show a constant decline?

A. No, sir.

Q. Take the next: Wire, Annealed Coarse; does that show a constant decline?

A. It shows a decline, but not a constant decline.

Q. It shows some increases, does it not?

A. Oh, yes; some increases. All these prices are variable, up and down.

Q. Was it not $36.75 in 1904 and $41.49 in 1908?

A. $36.23 in 1909.

Q. No; I am speaking of wire, annealed.

Mr. Severance: You are speaking of wire, annealed?

Mr. Dickinson: Yes: Wire, annealed, coarse.

The Witness: Yes; $36.23 the next year.

By Mr. Dickinson:

Q. Take the next: Wire Copper & Liquor Finished Coarse; does that show a constant decline?

A. Not a constant decline; some decline in some years.

Q. Was it not higher in 1907?

A. Slightly.

Q. And in 1908?

A. Slightly.

Q. It was higher in either of those years than it was either in 1904 or 1905?

A. Slightly.

Q. Take the next item. That gives but four years, but I will ask you to take the items right along: Wire Furniture Spring, for the years shown here, from 1907 to 1910, inclusive: Does that show a constant decline?

A. Not a constant decline.

Q. Does it not show an increase in 1908 over 1907?

A. Only in one year. One year shows an increase; all the others decrease.

Q. You say all the others show decreases. Does it not show that in 1910 it was higher than in 1909?

MR. SEVERANCE: Of which one are you speaking now?

MR. DICKINSON: Wire Furniture Spring.

THE WITNESS: In 1910?

By MR. DICKINSON:

Q. Yes; it was higher in 1910, than it was in 1909?

A. 24 cents a ton, yes.

Q. It was higher?

A. Yes.

Q. Then you were mistaken when you said it showed a decrease for all the other years?

A. I referred to 1907.

Q. Take the next item: Wire Liquor Finished Fine. Does that show a constant decrease for the years named?

A. Not a constant decrease, but a very material decrease.

Q. Does it not show a very material increase of 1908 over 1907?

A. It does; but a decrease of $26 a ton between 1904 and 1910.

Q. You would call that fluctuating, not constant, would you not?

A. Oh, yes.

Q. The next item: Standard & Miscellaneous Wire Nails; does that show a constant decrease?

A. Not a constant decrease.

Q. The next: Staples Galvanized. How about that?

A. Not a constant decrease.

Q. The next: Staples, Polished; how about that?

A. It decreases in some years.

Q. It is not a constant decrease, is it?

A. No, sir. Over a period of years it is a decline of $3 or $4 a ton.

Q. The next is: Wire Galvanized Coarse. How about that?

A. Not a constant decrease.

Q. The next item is: Wire Extra Galvanized. How about that?

A. It decreases in some years.

Q. And increases in others, does it not?

A. Yes.

Q. In 1904 it was $61.77 and in 1907 it was $63.20, was it not?

A. Yes; and $59.51 in 1905.

Q. Then it increased in 1906 over 1905, did it not?

A. The wire is all made to specifications. The amount of spelter on the wire makes the price.

Q. For every year after 1905 does it not show an increase over 1905?

A. Yes, until you get down to 1912.

Q. The next is Wire Tinned Coarse. Does that show a constant decline?

A. A substantial decline, but not a constant decline.

Q. Well, in 1906 it was $65.96, and in 1907 it was $76.69, was it not?

A. Yes.

Q. Take the next, Wire, Tinned Mattress & Broom. Does that show a constant decline?

A. A decline of $6 a ton between 1904 and 1910, but not a constant decline. It changes, different prices in different years.

Q. It shows a higher price, does it not, in 1908 over 1907, 1906 and 1905?

A. Slight.

Q. The next is Wire, Painted Barbed. Does that show a constant decline?

A. Not a constant decline, but a decline of $4 a ton between 1904 and 1910.

Q. And shows an increase in 1908, over 1904, does it not?

A. Yes, $3.

Q. And an increase in 1908 over 1904 and 1905, does it not?

A. Yes.

Q. The next is Wire Galvanized Barbed. Does that show a constant decline?

A. Not a constant decline; it shows $3 or $4 a ton less in 1910, as compared with 1904.

Q. The next is Wire Galvanized Twisted. Does that show a constant decline?

A. Not a constant decline, but it was $6 a ton lower in 1910 as compared with 1904.

Q. And wasn't it higher in 1908 than it was in 1904, 1905, 1906 and 1907?

A. Somewhat.

Q. Wasn't it higher in 1907 than it was in 1904, 1905, and 1906?

A. About 60 cents a ton.

Q. The next is Field Fence American. Does that show a constant decline?

A. Not a constant decline, but a decline of $3 a ton in 1910, as compared with 1904.

Q. And shows an increase in 1907 over 1904, 1905 and 1906, doesn't it?

A. About $2, yes.

Q. And shows that in 1908 it was higher than in 1904, 1905 and 1906, doesn't it?

A. Somewhat.

Q. Take the next, Field Fence Ellwood. Does that show a constant decline?

A. A decline of $5 a ton over the period from 1904 to 1910, but not a constant decline.

Q. And it shows a higher price in 1907 than it was for 1904, 1905 and 1906, does it?

A. Yes.

Q. The next is Concrete Reinforcement. We have not referred to that, one way or the other.

A. Yes; that shows a constant decline.

Q. That shows from 1907 to 1910 a constant decline?

A. Yes.

Q. That, of all I have given you, is the only one that shows a constant decline?

A. The average price is lower, but those prices are variable.

Q. My question is, out of all I have asked you, is not that the first one that shows a constant decline?

A. Using the word "constant," yes, in its literal definition.

Q. Take the next, Field Fence, All Other. Does that show a constant decline?

A. Not a constant decline.

Q. Does it show that some years were higher than preceding years?

A. Yes, and lower in some years, $4 a ton lower.

Q. The next is Bale Ties. Does that show a constant decline?

A. It shows a decline, but not a constant decline.

Q. Doesn't it show that it was higher in 1910 than it was in 1906?

A. Yes.

Q. And it was also higher in 1909 than it was in 1906?

A. About a dollar a ton.

Q. The next is shafting. Does that show a constant decline?

A. That shows a great decline in some years; not a constant decline. It shows a decline of $6 a ton in 1910 as compared with 1904.

Q. Doesn't it show that it was higher in 1906 than it was in 1905?

A. About a dollar a ton; $7 a ton lower in 1909, as compared with 1904.

Q. Doesn't it show that it was higher in 1907 than it was either in 1905 or 1906?

A. Fractional.

Q. Wire Rope, Iron, Steel & Copper. Does that show a constant decline?

A. No; variable.

Q. The next is Cold Rolled Wire. Does that show a constant decline?

A. A decline in some years, but not a constant decline; a decline of $13 a ton in 1910, as compared with 1904.

Q. Doesn't it show that it was $83.52 in 1907, as compared with $80.94 in 1906?

A. Yes.

Q. Take Insulated Wire, the next. Does that show a constant decline?

A. No, sir.

Q. The next is Copper Wire. Does that show a constant decline?

A. Variable.

Q. The next is Copper Rail Bonds. Does that show a constant decline?

A. No.

Q. The next is Copper Billets and Rods. Does that show a constant decline?

A. No.

Q. The next is Horse Shoes. Does that show a constant decline?

A. Not a constant decline; a decline in some years.

Q. An increase in some years, does it not?

A. Slightly.

Q. It was in 1904 $80.18, and in 1908 it was $84.16?

A. Yes.

Q. Toe Calks. Does it show a constant decline?

A. Not a constant decline; lower in some years, higher in others.

Q. Is there any year after 1904 down to 1910, including 1910, where it was not higher than it was in 1904?

A. In 1905 it was $3 a ton lower.

Q. Excepting 1905, all the other years it was higher than it was in 1904, was it not?

A. A few cents in some years and larger in others.

Q. And considerably higher than it was in 1905?

A. Yes.

Q. Take the next, Wire, Galvanized Fine; does that show a constant decline?

A. No, sir; lower in some years and higher in others.

Q. Take the next, Wire Tinned Fine; does that show a constant decline?

A. The same reply.

Q. Wire, Painted Twisted. Does that show a constant decline?

A. A decline of $5 a ton in 1910 as compared with 1904.

Q. And a rise in 1906 over 1905?

A. Oh, yes.

Q. And a rise in 1907 over 1905 and 1906?

A. Yes.

Q. And a rise in 1908 over 1905, 1906 and 1907?

A. Yes. And lower in 1905 and 1909.

Q. The next is Wire Shape; does that show a constant decline?

A. Not a constant decline, but $13 a ton less in 1910 as compared with 1904.

Q. It also shows it was higher in 1906 than it was in 1905, does it not?

A. Yes, sir.

Q. And higher in 1907 than it was in either 1905 or 1906?

A. Yes.

Q. And higher in 1908 than it was either in 1905 or 1906?

A. Yes, but $5 a ton lower than in 1904.

Q. But you said yes to my question?

A. Yes.

Q. The next is Miscellaneous Hooks and Staples; does that show a constant decline?

A. Not a constant decline.

Q. The price in 1904 was $89.02 and in 1910 was $115.72 was it not?

A. Yes, different characters of goods.

Q. Well, you put them all here together, have you not, as staples?

A. A difference between pins and needles.

Q. But in the tables you have presented, I am taking it just as you have presented it?

A. Yes.

Q. Was there any year during that period except 1907 and 1906 in which the price was not higher than it was in 1904?

A. No, sir.

Q. The next is Wire Tacks; does that show a constant decline?

A. Not a constant decline.

Q. Does it not show a constant increase of 1907, 1908, 1909 and 1910 over 1906?

A. Yes, but $20 a ton lower in 1912 as compared with 1904.

Q. I remind you again that that was after the filing of the petition. The next is Railroad Spikes; does that show a constant decline?

A. Not a constant decline.

Q. The next is Boat Spikes; does that show a constant decline?

A. No, sir.

Q. The next is Pole Steps; does that show a constant decline?

A. Fluctuating; a decline of $6 a ton.

Q. Was it not higher in 1907 than it was in 1904 or 1905 or 1906?

A. Yes, but $10 a ton lower in 1910, as compared with 1904.

Q. Was it not higher in 1906 than it was in 1905?

A. Yes.

Q. And higher in 1909 than it was in 1905?

A. Yes.

Q. The next is Wire Hoops. Does that show a constant decline in the years named?

A. Not a constant decline; lower in some years.

Q. And higher in some?

A. Higher in some; $3 a ton lower in 1910, as compared with 1904.

Q. And higher in 1910 than it was in 1909?

A. Slightly.

Q. Or in 1908?

A. Slightly.

Q. Or in 1907?

A. Yes.

Q. The next is Poultry Netting. Does that show a constant decline?

A. Not a constant decline.

Q. Does it not show increases in some subsequent years over preceding years?

A. Increases in some, and decreases in others.

Q. Was it not higher in 1908 than it was in 1904, 1905, 1906 or 1907?

A. Yes, sir; and lower in 1910.

Q. Was it not higher in 1909 than it was in 1904 or 1905?

A. Somewhat.

Q. The next is Galvanized Cable or Strand. Does that show a constant decline?

A. Not a constant decline, but a decline in some years.

Q. Was it not higher in 1905 than it was in 1904?

A. Yes, sir.

Q. And higher in 1907 than it was in 1904, 1905 or 1906?

A. Somewhat higher than it was in 1906.

Q. Well, 1904, 1905 or 1906, was it not?

A. Yes.

Q. The next is Wire, Round Special. Does that show a constant decline?

A. Not a constant decline, but a decline of $100 a ton in some years, $100 a ton lower in 1910 than in 1904.

Q. Than in 1904?

A. Or $200, I mean.

Q. But how much higher a ton was it in 1905 over 1904?

A. 1905?

Q. Yes, over 1904.

A. About $4 a ton; special material.

Q. The next is Wire, Flat Specialty. Does that show a constant decline?

A. Not a constant decline, but a decline of $8 or $10 a ton in some years.

Q. The next is Wire, Round Spring. You only show three years here, 1904, 1905 and 1906; does that show a constant decline?

A. No, but it was lower in 1905.

Q. Springs, Furniture. Does that show a constant decline?

A. Lower in some years and higher in others.

Q. Springs, Jig. How about that?

A. A decline in most of the years, but not a constant decline.

Q. Let us see about that. Was it not higher in 1907 and 1908 than it was in 1904 or 1905 or 1906?

A. Yes, it was lower in 1905, lower in 1906, lower in 1909 and lower in 1910.

Q. It does not seem to me that that is an answer to my question. Will you answer my question yes or no?

MR. SEVERANCE: He did answer it "yes."

By MR. DICKINSON:

Q The next is Springs, Spiral. Does that show a constant decline?

A. Not a constant decline, but a decline in several years; but—

Q. Does it show it was higher in 1908?

MR. SEVERANCE: Mr. Farrell was interrupted in his answer.

THE WITNESS: I said $19 a ton lower in 1910, as compared with 1904.

By MR. DICKINSON:

Q. But was it not higher in 1908 than it was for any of the preceding years except 1904?

A. It was $3; yes, sir.

Q. You mean to say that in 1908 it only showed about $3 over 1906?

A. I thought you said 1904.

(The question and answer were repeated as above recorded.)

By MR. DICKINSON:

Q. Is it not more than $3?

MR. SEVERANCE: He misunderstood your question.

THE WITNESS: I thought you said 1904.

(The question was again repeated as above recorded.)

THE WITNESS: Yes.

(Thereupon a recess was taken until 2 o'clock p. m.)

AFTER RECESS.

JAMES A. FARRELL,

the witness under examination at the taking of recess, resumed the stand.

CROSS EXAMINATION (Continued).

MR. SEVERANCE: What page had you reached in this exhibit, Judge?

MR. DICKINSON: The last page of Defendants' Exhibit No. 42.

MR. SEVERANCE: That is the half page?

MR. DICKINSON: Yes.

By MR. DICKINSON:

Q. Mr. Farrell, the next in order is Springs, Hot Wound. Please state whether or not, from the year 1904 to the year 1910, domestic, there was a decline.

A. Not a constant decline, but reductions in several years.

Q. And increases in some of the years over preceding years?

A. Yes; a reduction of $4.69 a ton in 1905, as compared with 1904; a reduction of about $5 a ton in 1906; about $4 a ton in 1907; higher in 1908; lower in 1909 and 1910.

Q. Was not 1908 higher than any of the preceding years?

A. Yes, sir.

Q. Take the next item, Springs, Flat Wire. How is it as to that?

A. Not a steady decline; but reductions in some years.

Q. And increases in some of the years?

A. Yes.

Q. Take the next item, Rubber Insulated Cable.

A. That is a specialty, widely fluctuating; not a steady decline.

Q. And some increases in some of the years over others?

A. Some increases, yes.

Q. Take the next item, Paper Insulated Cable.

A. Decreases in all years excepting 1907.

Q. Decreases?

A. Yes, decreases in all years excepting 1907.

Q. But 1907 was higher than each of the preceding years, was it not?

A. Yes, sir.

Q. The next item, now, Gates?

A. It showed a very material decline; pretty nearly $30 a ton, between 1904 and 1910.

Q. Did it show a constant decline from 1904 to 1910 inclusive?

A. No, sir; fluctuating.

Q. The next item, Basic Iron?

A. Not a steady decline.

Q. Bessemer Iron?

A. Not a steady decline; fluctuating.

Q. Scrap and Ingots?

A. Not a steady decline.

Q. Ferro and Spiegel?

A. Not a steady decline; fluctuating in some years.

Q. Built-up Track Work?

A. Fluctuating; not a steady decline.

Q. Castings, Iron and Steel?

A. No.

Q. Rolls?

A. No, sir.

Q. Forgings?

A. Not a steady decline. They are specialties, and the price fluctuates widely.

Q. Was it not higher in 1909 than for any of the preceding years?

A. Yes, sir; and lower in 1905 than in any other year.

Q. The next article is Cement; but I am only asking about iron and steel products.

MR. SEVERANCE: What is the matter with asking him about cement?

MR. DICKINSON: I will.

By MR. DICKINSON:

Q. What does that show? A steady decline?

A. It shows a constant decline except in one year; a decline from $1.43 a barrel in 1907, when we went into the manufacture of it, to 78 cents a barrel in 1911.

Q. And it was higher in 1910 than it was in 1909?

A. Five cents a barrel, yes.

Q. The next is: Wire Special Bright Annealed & Liquor Finished.

A. That is a specialty. The product varies in accordance with quality and character of the product.

Q. Does it show a constant decline?

A. No, sir; fluctuating.

Q. The next article is Wire, Weaving.

A. Not a constant decline; fluctuating.

Q. But does it not show a decline all the years shown here next to the first year named? The first year is 1907. It is lower for each of the subsequent years down to 1910, is it not?

A. Weaving wire?

Q. Yes.

A. Yes, sir.

Q. Wheel Plates. You only have one year for those. I have asked you now, Mr. Farrell, about every item on Defendants' Exhibit No. 42, covering the years from 1904 to 1910. With the exception of two, none of those articles for the years named, show a constant decline, do they?

A. Not a constant decline; but of course a lower price in later years.

Q. What do you mean by "later years?"

A. The changes were gradual, up and down, and showed a fluctuating market.

Q. But I am asking now, of all the articles appearing on this list, Defendants' Exhibit No. 42, do any of them except two show a constant decline from 1904 to 1910 inclusive?

A. No sir.

Q. Now, Mr. Farrell, what other things in wire and steel products did the subsidiaries of the Steel Corporation make, from 1904 to 1910, other than those set out in this list?

A. Large numbers of them.

Q. What does this list show, then?

A. It shows the principal commodities.

Q. It shows the principal commodities?

A. Yes.

Q. Then, of the principal commodities made by the subsidiaries of the United States Steel Corporation from 1904 to 1910, inclusive, which principal commodities are shown on this list, there are only two that show a constant decline?

A. Yes.

Q. What were the average monthly prices of heavy standard Bessemer steel rails at mills in Pittsburgh in the month of October, 1895?

A. In the month of October?

Q. Yes, 1895.

A. 1895, did you say?

Q. Yes.

MR. SEVERANCE: Didn't we put in an exhibit showing that?

MR. DICKINSON: I am just asking him now for his opinion.

MR. SEVERANCE: You can not expect him to carry all that sort of thing in his mind, from 1895.

MR. DICKINSON: I do not know whether he can or not; I am asking it.

THE WITNESS: I have no recollection of the average price of standard rails in 1895.

By MR. DICKINSON:

Q. Have you a recollection as to November, 1895?

A. No, sir.

Q. As to December, 1895?

A. No, sir.

Q. Do you know the price of the same commodity in May, 1900?

A. I don't recall the price in May, 1900.

Q. Or June, 1900?

A. No, sir.

Q. Or April, 1900?

A. No, sir.

Q. Suppose I ask you the same questions as to 1901, what would your answer be?

A. 1901, I do not recall the price in that year.

Q. Have you any recollection, approximately or otherwise, of the price of that character of rails in April, 1900?

A. Approximately?

Q. Yes, approximately.

A. I think $27 or $28 a ton.

Q. How about May, 1901?

A. May, 1901; I should say about the same.

Q. And about March, 1900?

A. March, 1900; I do not recall the price in that particular month.

Q. Or 1901?

A. I can not state it definitely.

Q. I am asking you if you have a recollection.

A. I should say approximately $27 or $28 a ton.

Q. $27 or $28 for March, 1901?

A. Yes, I should say so.

Q. Is that a recollection you are giving of figures? Are you recalling knowledge as of that time, that you have in your mind, when you answer that question?

A. My recollection is that the price of rails was about at those figures.

Q. Do you recall and do you carry in your mind a recollection, whether right or wrong, of that particular figure for that particular time?

A. No. You asked me to state approximately.

Q. That was the first question, and now this is another question.

(Here the preceding question was repeated by the stenographer.)

Q. (Continuing) I do not ask you approximately, but I ask you if you have in your mind a recollection which you carry in your mind as of particular figures for those particular dates.

A. Not an accurate recollection. I would not attempt to be accurate.

Q. What is your knowledge as to whether or not Bessemer steel rails were lower after the formation of the Corporation in 1901 than they were in 1900?

A. My recollection is that there has not been very much change in the price.

Q. Between 1900 and 1901?

A. Yes, sir.

Q. Please state what the average monthly price of steel beams at Pittsburgh in the month of October, 1895, was per hundred pounds.

A. I have no recollection.

Q. How about November of that year?

A. The same answer.

Q. December of that year?

A. No recollection.

Q. In 1900 for the same months, have you any recollection?

A. Not an accurate one, no; it would be just a hazard.

Q. It would be a hazard?

A. Yes.

Q. Rather in the nature of a guess. Well, you say you have no recollection, you do not carry distinctly in your mind any figures that you can now recall?

A. Not that I would care to quote as representative.

Q. Whether you care to quote them or not, do you carry any distinct figures in your mind that you recollect as of that date, or any of those dates, for steel beams?

A. Just an impression.

Q. Suppose you give me your impression.

MR. SEVERANCE: I object to that; the witness has already stated that he cannot testify to the amount, and that it would be a mere hazard; and his impression would not be evidence even if he stated it under oath.

Q. Do you accept that?

A. Yes.

Q. Do you know whether it was higher in October, November and December of 1900 than it was in April, 1901, or lower?

A. I don't recall.

Q. You know that the Corporation was formed in April, 1901, do you not?

A. Yes.

Q. I will ask you the same question as to tank plates,

or the same series of questions without repeating them all, as to tank plates for the months of October, November and December, 1895, and for the same months in 1900 and for the month of May, 1901. State whether your answers would be the same.

A. The same.

Q. I ask you the same questions in regard to the same months with respect to the average monthly prices of steel bars at Pittsburgh, and for exactly the corresponding date.

A. The same answer.

Q. I will ask you this question, which my associate wishes to ask you, whether in the month of April, 1901, steel bars were higher or lower than they were during the months of October, November and December, 1900?

A. I have no recollection.

Q. Now, without repeating, I will ask all of these questions with respect to black sheets at Pittsburgh for the same months in the same years. Would you make the same answer?

A. My impression is that the price was lower after the Corporation was formed, but I am not clear.

Q. You do not recall it; it is just an impression?

A. Yes; an impression. I know they are $30 a ton lower now than they were before the Corporation was formed, black sheets.

Q. With regard to these prices that I have been asking you about, are the prices given in the Iron Age of those periods substantially accepted as correct?

A. I should say so; they would be considered so.

Q. And you would accept them as such?

A. Yes.

Q. I ask you all of the same questions, without repetition, with respect to the average monthly prices of plain wire at Pittsburgh for the same years and months, and the same contrasting question.

MR. SEVERANCE: You mean certain months in 1895?

By MR. DICKINSON:

Q. October, November and December, in 1895; the same months in 1900, and the month of May in 1901.

A. I have no recollection.

Q. I will ask you the same questions in respect to the same dates in respect of wire nails.

A. I have no distinct recollection of the prices in those particular periods.

Q. And you could not give us—you do not carry in your mind the figures?

A. It would be simply a guess or estimate, and I do not want to make those.

Q. I will ask you the same in regard to tin plate.

A. I have no distinct recollection; my impression is that the price was lower, but I am not certain.

Q. Your answer, then, is the same to all the same question?

A. Yes.

Q. Have you any distinct recollection or knowledge as to whether the prices in the latter part of 1900 in iron and steel products were higher than they were in 1901, after the formation of the Corporation?

A. My impression is that the prices were higher prior to the formation of the Corporation; but I can not state accurately, I have no——

Q. That is to say, that in October, November and December, 1900, they were higher than they were after the formation of the Corporation?

A. That is my impression.

Q. Yes, I understand.

A. But I would not make an accurate statement as to that.

Q. Mr. Farrell, were the prices of iron and steel products higher or lower in the first four months of 1900 than they were in the last four months of 1900?

A. The prices fluctuated. I am not certain as to whether they were higher or lower.

Q. Contrasting those two periods, you can not say whether they were higher or lower?

A. I have no definite recollection.

Q. What position were you holding in 1893, Mr. Farrell?

A. General manager of the Pittsburgh Wire Company.

Q. How long did you continue to hold that position?

A. Until the formation of the American Steel & Wire Company of New Jersey.

Q. What were your duties as general manager of the Pittsburgh Wire Company?

A. To buy the material that went into the mill and sell the product which was manufactured there; and in fact, my duties were of a general character; I had entire charge of the operation.

Q. What material did you buy, speaking broadly?

A. Billets, largely.

Q. Anything else?

A. The various commodities that went into a wire mill, acids, muriatic, sulphuric, spelter—

Q. But I mean steel or iron.

A. Billets.

Q. Steel billets?

A. That was the basic thing.

Q. The main thing. Now during that period, did you have any special or particular information with regard to any other iron and steel products except billets and the things that you were manufacturing out of billets?

A. We manufactured a class of material which entered into competition with iron, and as the result of that I was making a study of the iron and steel business all the time. I think I had a general knowledge of the business.

Q. You read the papers of the times?

A. Pardon me?

Q. You read the Iron Age and the Iron Trade Review? did you not, at that time?

A. Yes.

Q. That was part of a man's outfit, was it not, in the kind of business you were in?

A. Yes.

Q. To have a general knowledge of the current history of events?

A. Yes, sir.

Q. Did you know at that time about the existence of pools? I do not mean that you were in pools, but as a part of the public and current history of the country?

A. It was knowledge among some of the manufacturers

and selling people, and I think reference was made at one time to the existence of such associations in the trade papers.

Q. Just at one time?

A. I do not recall definitely whether it was once or twice or more.

Q. But you were a constant reader of those papers, were you?

A. Yes, sir; I should say—well, not constant; I was an occasional reader.

Q. You are a little careful about constant, now, are you not?

A. Changeable.

Q. Of iron and steel, however, you were only a purchaser of billets?

A. A purchaser of billets and seller of the finished material.

Q. Finished material?

A. Yes.

Q. But I mean in the cruder forms, such as you said came from concerns like Carnegie and Jones & Laughlin, you were only a purchaser of billets?

A. A purchaser of billets of a great many special analyses and qualities.

Q. You had nothing to do with pools at that time?

A. No, sir.

Q. Not a party to any of them?

A. No, sir.

Q. Did not know the inside workings of them?

A. No.

Q. Nor how they controlled prices?

A. No, sir.

Q. Do you know that at times there were wars, when pools broke up, trade wars?

A. Yes; I remember there was a cycle in the business when there were a great many failures and men out of employment and all that sort of thing.

Q. Do you remember trade wars where competitors were fiercely contending with each other for business in their respective territories at any period during that time prior to 1901?

A. They were occasionally.

Q. Which ones do you recall? What times were they?

A. I do not recall anything specific; at times there were changes in the market and what the newspapers would term trade wars and all that sort of thing.

Q. Do you remember any breaking of rail pools during that period?

A. No.

Q. If anything of that sort occurred and as an incident of it sharp and fierce competition, you do not know anything about it?

A. I am not sufficiently informed as to that.

Q. And if you read about it at the time you do not recall it?

A. I have a recollection or an impression that I gained from reading trade papers over a period of time that there were certain things of that kind.

Q. What years would you say they were in?

A. I could not recall specifically.

Q. You could not even give the years?

A. No.

Q. As an outcome of those wars, can you name any concerns who were competitors that engaged in those wars and that went to destruction?

A. Not as a result of those wars, no.

Q. How about nails? Did your concern make nails?

A. In a limited way, mostly specialties, wire, shoe nails and nails for foreign markets.

Q. Was that concern in any of those pools during those times?

A. Not to my knowledge.

Q. If they were, you do not know anything about it?

A. No sir. I am pretty sure they were not, as far as I know.

Q. You remember there was a nail pool in 1896?

A. There was a good deal of talk about it.

Q. Did it raise prices?

A. I don't know. I did not follow it very much.

Q. You do not know what the prices were, then, at that time?

A. I know the prices fluctuated more or less. I have no distinct recollection as to what they were or the operations of the concern you refer to.

Q. But during the time that you mentioned were prices higher or lower than they had been before that pool was formed?

A. I could not say definitely. They fluctuated.

Q. How long did it last?

A. I don't know.

Q. What would you call a small producer of nails such as you have said that your company was at that time?

A. I had reference to being a small producer of standard nails.

Q. What did you produce of standard nails?

A. We produced some of the penny nails—from 3 penny to 60 penny, but the bulk of our production was in specialties.

Q. Speaking of small production of standard nails, what did you have in mind as a small production?

A. Well, perhaps five or six hundred kegs a day.

Q. In 1898 and 1899 state the different kinds of nails that the Pittsburgh Wire Works made, and the whole output, and then the percentage of different kinds.

A. The percentage?

Q. The percentage, yes.

A. The bulk of our nails were made for markets such as China and Japan, and some for South America, to the French wire gauge; nails to Australia were all made of oval wire, with different kinds of heads, known in the trade as rose heads and crown heads, bung heads—in fact, nearly every colony took a different kind of head. We manufactured considerable quantities of wire shoe nails and paid very little attention to the standard wire nail business, the so-called standard wire nails.

Q. What was your entire capacity at that time, in kegs, monthly—in 1899?

A. Monthly?

Q. Yes.

MR. SEVERANCE: You mean of all kinds—specialties and all?

MR. DICKINSON: Yes. I am asking now for all kinds.

THE WITNESS: About 25,000 or 26,000 kegs a month.

By MR. DICKINSON:

Q. What date do you understand me to refer to?

A. You said 1897 and 1898, I think?

Q. No, 1899. Now, please answer the same question as to 1899.

A. 1899, we went into the American Steel & Wire Company.

Q. What was your capacity then, monthly, of all kinds of nails, in kegs?

A. It did not change very much; 27,000 or 28,000 kegs a month.

Q. What year was the American Steel & Wire Company formed?

A. 1899.

Q. What was your capacity at Braddock monthly in gross tons, of the wire rod mill?

A. About 7,000 tons a month.

Q. And the wire mill?

A. About 150 tons a day.

Q. How much would that be monthly?

A. Monthly, about 4,500 tons.

Q. And of the nail mill, in kegs?

A. Per month?

Q. Yes.

A. About 1,200 or 1,300 tons; 26,000 or 27,000 kegs.

Q. Mr. Farrell, May 1, 1901, what were the freight rates on iron ore from Lake Erie ports to the Pittsburgh district?

A. I do not recall.

Q. May 1, 1903, I will ask you the same question.

MR. SEVERANCE: We have an exhibit that shows that, I think.

MR. DICKINSON: I know you have. I have it in my hand here.

THE WITNESS: I do not recall, offhand.

By MR. DICKINSON:

Q. April 6, 1907, what was it?

A. About 96 or 98 cents a ton.

Q. Gross tons?

A. Yes, sir.

MR. SEVERANCE: When is that; what date?

MR. DICKINSON: April 6, 1907.

By MR. DICKINSON:

Q. You understand that, Mr. Farrell?

A. Yes; I am not stating accurately. I can not recall.

Q. 96 or 98 cents a ton? I see the exhibit you put in says $1.14.

A. That may have included the dock handling charge; I am not certain.

Q. Yes. (Reading:) "Average dock allowance to consignees in Pittsburgh, the Mahoning and Shenango Valleys up to August 1, 1909, ten cents per ton." Would that add ten cents per ton to the 96 or 98 cents?

A. I presume so.

Q. What did you mean in giving 96 or 98, to exclude the dock allowances?

A. To exclude them.

Q. Now, then, on August 2, 1909, what were the freight rates on iron ore from Lake Erie ports to the Pittsburgh district?

A. I think 96 cents.

Q. On May 1, 1900, what were the freight rates on iron ore from Lake Erie ports to Mahoning and Shenango Valleys?

A. 1900?

Q. Yes, May 1, 1900.

A. About 30 cents a ton less than to Pittsburgh.

Q. Just give what it would be.

MR. SEVERANCE: I suppose Mr. Farrell can refresh his recollection from this exhibit?

MR. DICKINSON: No, he can not.

MR. SEVERANCE: I don't know whether he can or not.

MR. DICKINSON: I will see that he does not, or I will not pursue the examination.

MR. SEVERANCE: This is an exhibit, prepared for the purpose of an exhibit.

MR. DICKINSON: It is in the record, but not before him.

By MR. DICKINSON:

Q. I ask you what was the freight rate on iron ore from Lake Erie ports, May 1, 1900, to Mahoning and Shenango Valleys, including the average dock allowances? Give it in figures.

A. I do not recall the actual rate. It was lower than the rate to Pittsburgh.

Q. But you do not recall what that was?

A. I think it was about 30 cents, but I do not recall.

Q. You mean 30 cents lower?

A. Yes.

Q. But you have not given the Pittsburgh rate, have you?

A. No.

Q. And you can not give that rate in figures?

A. I would not be able to satisfy myself of its accuracy.

Q. Of course, that is what I want you to do. Now, May 1, 1903, what were the freight rates on iron ore from Lake Erie Ports to Mahoning and Shenango Valleys?

A. I have no definite recollection.

Q. April 6, 1907 what was it?

A. I don't recall.

Q. August 2, 1909?

A. From what point?

Q. From Lake Erie ports to Mahoning and Shenango Valleys.

A. 66 cents, I think.

Q. September 1, 1903, what was it?

A. I should say the same, 66 cents.

Q. Does that include or exclude dock allowances?

A. Exclude.

Q. If it included it, it would be 76 cents in each case, would it?

A. I am not certain as to that.

Q. Now, what were the freight rates on iron ore from Lake Erie ports to the Wheeling district, May 1, 1900, including dock allowances?

A. I could not state accurately, but I think six cents below the Youngstown rate.

Q. You can not give it in figures?

A. No.

Q. I will ask you the same question as to May 1, 1903.

A. I don't recall.

Q. April 6, 1907?

A. I am not certain.

Q. August 2, 1909?

A. I think 60 cents to Wheeling.

Q. Does that include or exclude?

A. I think it excludes the dock allowances.

Q. And if it included them, what would it be?

A. I am not certain.

Q. September 1, 1909?

A. To the Wheeling district?

Q. Yes, to the Wheeling district.

A. 60 cents.

Q. Does that exclude or include dock allowances?

A. Exclude.

Q. What were the freight rates on bituminous coal from the Pittsburgh district to Chicago in 1901?

A. I have no recollection.

Q. To Detroit, at the same time?

A. I have no recollection, except that it would be less.

Q. Toledo?

A. I don't recall.

Q. Youngstown?

A. I don't recall.

Q. New Castle?

A. I don't recall.

Q. Sharon?

A. I don't recall.

Q. Niles?

A. I don't recall.

Q. Struthers?

A. The rates would be the same in those districts, I presume, but I don't recall the exact rate.

Q. Can you give the rates between the same points for the year 1903?

A. No, sir.

Q. You do not recall them any more than you do those?

A. Only in a general way, but I would not make a statement because it might not be strictly accurate.

Q. You do not carry in your mind any figures?

A. In a general way, but I will not state the figures because they might not be accurate.

Q. Have you now in your mind any figures that you recollect as to these periods? If you have, I would like you to give them.

A. I prefer not to unless I am absolutely certain

Q. Then you haven't any figures that you would be willing to give?

A. Not as representing my idea of the accuracy necessary

Q. In your mind now you carry no such figures?

A. No.

Q. Now, without being unnecessarily prolix, I will ask you the same questions in respect to freight rates on coke from the Connellsville region to the Pittsburgh District mills, Pittsburgh, Sharpsburg, Mahoning and Shenango Valley, Cleveland, Lorain, Columbus, Zanesville and Bellaire for the years 1900, 1901 and 1903 and 1907. Would your answer be the same or different from the one you have just given in regard to coal?

A. The same. A great many of those places you mentioned are grouped and the rates would be the same.

Q. You cannot give the figures?

A. No.

Q. You do not now carry them in your mind?

A. No. I have not attempted to.

Q. Now I will ask you as to the changes in freight rates in pig iron from the Pittsburgh District to various eastern points. Now, what was it in 1901 to Baltimore?

A. From Pittsburgh?

Q. Yes.

A. I will not say; or, rather, I cannot say definitely.

Q. In 1903 what was it?

A. The same reply, I could not say accurately.

Q. 1907?

A. The same.

Q. Without repeating the question, if I addressed to

you all those questions in respect to Buffalo, New York, Norfolk and Philadelphia for those several years would the reply be the same?

A. I have in mind about what the freight rates were, but not being definitely certain of the actual rate I would prefer to make the same answer.

Q. If I asked you the same questions, from Pittsburgh to various western points for the years 1901, 1903 and 1907, the points being Chicago, Cincinnati, Cleveland, Columbus, Detroit, Louisville, Milwaukee, Mississippi River, Toledo, Wheeling and Youngstown, what would your answer be?

A. I have no recollection.

Q. Now, as to the billets and articles taking billet rates, I want to ask you in regard to changes in the freight rates from Pittsburgh District for the years 1901, 1903 and 1907, to the following points: Baltimore, Buffalo, New York, Norfolk and Philadelphia. What would your answer be?

A. As between what years?

Q. Well, 1901, 1903 and 1907?

A. I do not recall the exact freight rates, but my recollection is that there was an advance of about ten per cent in those rates in that period.

Q. Can you give the rates?

A. Not accurately.

Q. Can you give any figures as to those points at those times, respectively?

A. Between what points?

Q. Well, from the Pittsburgh district, say, to Baltimore, February 1, 1901?

A. I should say it would be about $2.20 a ton.

Q. Between the same points, January 1, 1903?

A. About the same.

Q. Between the same points, June 1, 1907?

A. About $2.35, I should judge.

Q. Now, those figures that you are giving are as you recollect them?

A. My recollection.

Q. Now, from the Pittsburgh district to Buffalo, for the same dates, can you give them?

A. About $2.45 and $2.65.

Q. That is, $2.45 for the year 1901?

A. Yes, sir; and about $2.60 or $2.65 for the——

Q. For the year 1903?

A. Yes.

MR. SEVERANCE: What rate are you asking about now?

By MR. DICKINSON:

Q. I am asking for the rates on billets and articles taking billet rates from the Pittsburgh district to Buffalo, New York, February 1, 1901, January 1, 1903, June 1, 1907. Now, you have answered all except as to June 1, 1907. Have you a recollection of that?

A. No, sir.

Q. Have you a recollection for the same dates from the Pittsburgh district to New York?

A. About the same as from Pittsburgh to Buffalo.

Q. That would be $2.45 for 1901 and $2.65 for 1903, would it, but you did not give any for 1907.

A. I do not recall that.

Q. Now, from the Pittsburgh district to Norfolk; can you give those?

A. No, sir.

Q. To Philadelphia?

A. I do not recall.

Q. From the Pittsburgh district to various western points for the same dates, the points being Chicago, Cincinnati, Detroit, Milwaukee and Mississippi River; can you give the figures?

A. Only approximately, and then I would not be absolutely certain about them.

Q. Now, I can go into this more in detail, but I will ask a general question in regard to finished iron and steel articles, the freight rates from Pittsburgh to various eastern points, to Baltimore, Boston, New York, Norfolk and Philadelphia, for February 1, 1901, January 1, 1903, and June 1, 1907. Can you give those from memory?

A. No.

Q. You would not undertake to do it?

A. No.

Q. From the Pittsburgh district to various western points for the same dates, the western points being Chicago, Cincinnati, Cleveland, Detroit, Milwaukee and Mississippi River; would you undertake to give them?

A. Not from memory.

Q. Mr. Farrell, this exhibit was put in in connection with your testimony. You did not prepare it, did you?

A. It was prepared under my direction.

Q. I understand, but you did not go through the data and make it up yourself?

A. No.

Q. You did not? It was prepared and handed to you?

MR. SEVERANCE: What did you say, whether you did or did not?

THE WITNESS: I said it was prepared under my direction, but I did not prepare the statement myself.

By MR. DICKINSON:

Q. And did not go to the original sources from which it was made?

A. No.

Q. And did not compare it after it was made?

A. I compared it in a general way; that is, I asked the man who prepared it certain questions.

Q. But you did not check these figures up?

A. I did not check the mass of details up and prepare the statement.

Q. You just accepted what was presented to you?

A. Yes, sir.

Q. And you cannot of your own knowledge give those figures?

A. No.

Q. And do not undertake to?

A. That will be done probably by the man who prepared it.

Q. Yes. We will get to that when we get to him. But I am now asking you.

A. Yes.

Q. Then so far as you know, your knowledge is very gen-

eral and you do not state under oath that these figures in here you know of your own knowledge to be correct?

A. No; not of my own knowledge.

MR. DICKINSON: Then we except to this entire exhibit as being hearsay and secondary evidence, incompetent and irrelevant, and move to strike it out.

MR. SEVERANCE: We will put the man on who took it off the tariffs, or put in the tariffs, if you want them. The exhibit is correct.

By MR. DICKINSON:

Q. Mr. Farrell, there was introduced in evidence Exhibit 38, entitled "Statement of Total Export Shipments from 1904 to 1912, inclusive." How was this paper prepared?

A. Prepared in the office of the Comptroller.

Q. And furnished to you?

A. Furnished to me, yes sir.

Q. Did you prepare it?

A. No. I was very familiar with it, familiar with the details of it from year to year.

Q. What details?

A. The details of the business and the values that made up these statements.

Q. But you did not make up this paper yourself?

A. May I see the paper?

MR. SEVERANCE: Here is a copy of it.

MR. DICKINSON: I will show it to him later.

MR. SEVERANCE: May I show it to him?

MR. DICKINSON: No; I object to his seeing it now.

MR. SEVERANCE: What is the question.

(The question was read as above recorded.)

A. I could not tell without looking at it.

By MR. DICKINSON:

Q. You know what the paper is, do you not? That is to say, what it is entitled?

A. Yes; I heard you read the caption of the paper and refer to the exhibit number.

Q. Did you make up yourself from the original data or

sources any of these papers which you put in evidence? If so, which ones were they, and just state in detail what the sources were that you examined?

MR. SEVERANCE: May I suggest, Judge Dickinson, that Mr. Farrell's question about the paper is quite reasonable, because you do not state, and the title does not state whether it is the entire export shipments of the United States or whether it is the shipments of the Steel Products Company. Don't you see it is indefinite in that way. He does not know what you are talking about.

By MR. DICKINSON:

Q. Well, did you make up a statement showing the entire exports of the United States?

A. Of the United States?

Q. Yes.

A. I assisted in making that up, but I did not complete it myself.

Q. Did you make one showing the total export shipments of the United States Steel Corporation?

A. Not entirely. I did not complete it myself. I assisted in the preparation of it, and it was prepared under my direction.

Q. What part of it did you do? What part of the work?

A. I went over some of the figures, saw the figures in the final compilation that was made. I did not go into the details of it.

Q. What figures did you go over?

A. The figures from month to month.

Q. To what statement do you refer now?

A. To the statement showing exports of the United States Steel Products Company.

Q. Between what years?

A. 1904 and 1912, I think.

Q. Was that exhibit No. 38?

MR. SEVERANCE: How can he tell whether it is exhibit No. 38 or not? I will show it to him, and then he can tell.

MR. DICKINSON: I object.

MR. SEVERANCE: You may look at the exhibit, Mr. Farrell. This is absurd.

THE WITNESS: I do not know whether it is Exhibit No. 38 or not.

MR. DICKINSON: I object, when I have the witness under cross examination, and am testing his memory and knowledge in regard to a paper that he has testified about as being correct, to having his counsel insist upon showing that paper for examination.

MR. SEVERANCE: You asked him if a certain paper is Exhibit No. 38. How can he tell, without looking at it? How can anybody tell without looking at it?

MR. DICKINSON: I will tell him.

MR. SEVERANCE: He may not believe what you say.

MR. DICKINSON: I will tell him that the paper I am asking about is Exhibit No. 38, and is entitled "Statement of total export shipments, 1904 to 1912, inclusive."

By MR. DICKINSON:

Q. Does that show the total exports of all of the producers in the United States, or only of the Steel Corporation?

A. Will you read the caption?

Q. "Statement of total export shipments, 1904 to 1912, inclusive."

A. Of what? Of the United States, or of the United States Steel Products Company?

Q. It does not say.

MR. SEVERANCE: Look at the exhibit, Mr. Farrell. You can tell which it is.

MR. DICKINSON: If he looks at the exhibit I shall decline to question him further upon it.

MR. SEVERANCE: That is all right. You may decline.

MR. DICKINSON: (Continuing) As an improper interference with my cross examination.

THE WITNESS: Will you read the first figure?

By MR. DICKINSON:

Q. Yes: "Year, 1904; net tons: 1,123,322,6; value $31,388,138,86."

A. United States Steel Products Company?

Q. And that is of the United States Steel Corporation.

Now, then, coming back to this table, which is Exhibit No. 38, just tell me, Mr. Farrell, what part you had in the preparation of it, what were the sources of information, and where those sources of information are now.

A. The sources of information, of course, are the statistical departments of our companies. A statement of that kind could not be prepared by any one man. It would necessarily be the compilation of a number of people in different companies and in different departments, and would finally be completed in our comptroller's department.

Q. Much of this work, then, was done by others than yourself?

A. Oh, yes.

Q. And you accepted that work as being correct?

A. Pretty well, because of my familiarity with it.

Q. I say, you accepted it as being correct?

A. Yes.

Q. Naturally you would?

A. Yes; subject to errors, of course.

Q. Subject to errors; and this was based upon documents that you did not yourself at that time examine?

A. No.

Q. You were asked, in regard to this paper, the following questions:

"Q. I show you this paper and ask you if those are the figures to which you refer.

"A. Yes.

"Q. And is that a correct statement of the tonnage and value of the direct exports of the United States Steel Products Company?

"A. It is a correct statement of the tonnage and value."

A. Invoice value.

Q. Now, you mean that it was a correct statement, according to your belief, accepting, as you did, this work that had been done by the others and presented to you as correct?

A. Yes. It might be the invoice value c. i. f., or we might have another statement showing the invoice value f. o. b. the works.

Q. Can you, without relying upon this work done by others and presented to you, which you accept, make any state-

ment as to the accuracy of these figures, from knowledge independent of this investigation and this work that was done by others and presented to you?

A. No; it would be pretty difficult.

MR. DICKINSON: Then I object to this exhibit as being secondary and hearsay, irrelevant and incompetent, and shall move to strike it out.

By MR. DICKINSON:

Q. Mr. Farrell, who was the London agent for selling rails in 1901, of the United States Steel Corporation?

A. Millard Hunsiker.

Q. Who was the London agent on October 26, 1911?

A. H. T. Whigham.

Q. How long did Millard Hunsiker continue such agent?

A. Until 1906.

Q. And did Mr. Whigham then succeed him?

A. Mr. Whigham then succeeded him.

Q. And has continued since?

A. Yes, sir.

Q. Did you have any other agent in London for the sale of rails during those periods except those named?

A. We had 35 employees there. There was no particular man concerned with the sale of rails. A number of people sold rails. That was a small portion of our business.

Q. Were these subordinates acting under one head?

A. Oh, yes.

Q. Who was the head?

A. Mr. Whigham.

Q. And Mr. Hunsiker?

A. Yes, sir; at that time.

Q. And they had men working under them who made sales?

A. Yes.

Q. And reported to them?

A. Yes.

Q. Did these parties report to you the sale of rails or did you have anything to do with the sale of rails?

A. Not very much.

Q. When did your connection with the sale of rails abroad begin?

A. At the time of the formation of the United States Steel Products Company.

Q. But you have stated awhile ago that you did not have very much to do with them?

A. No; it is a small part of our business.

Q. But did you have control of the sale of all the rails abroad after the United States Steel Products Company was formed, or were some of them sold by other representatives of the Corporation that were entirely independent of the Steel Products Company?

A. No; they were sold by the Steel Products Company.

Q. All of them?

A. Yes.

Q. After its formation?

A. I should think so, to the best of my knowledge.

Q. Everywhere abroad?

A. Yes.

Q. Who was the agent in Paris for 1901?

A. There was no office in Paris in 1901.

Q. In 1911?

A. A man named Vaslin.

Q. Did these agents in London make contracts for the sale of rails?

A. Yes.

Q. Were those reported to you?

A. They were reported to the company in the regular way, just the same as sales of any other commodity.

Q. To the Products Export Company?

A. Yes.

Q. At page 7,095 of the typewritten record, you were asked about a list that had been made up of 158 manufacturers to whom you had made special allowances, in order to enable them to develop a foreign business?

A. Yes.

Q. Will you please produce that list?

A. Yes, sir.

Q. State how those reductions were made, and what products they consisted of?

A. They were made as a result of an inquiry that any manufacturer in any particular line of business might make, covering some foreign inquiry which they might have, in whch they would probably have competition with some foreign manufacturer in the same line of business. It might be bolts or it might be a gas holder, or agricultural implements or boilers—a great many commodities—wheelbarrows and cars and locomotives.

Q. Were those sales made for the purpose of selling in export business with the understanding that prices were based upon the fact that they were to be sold in foreign markets?

A. Based on the inquiry covering the material.

Q. And the inquiry carried with it the information that it was to be sold in foreign markets?

A. Yes. For example, if a locomotive builder would make an inquiry for material for fifty locomotives for Japan, or a tank builder would make an inquiry for a thousand tons of material for oil tanks in Mexico, we would quote him a price on that material based on our idea of what would enable him to compete for the business.

Q. And those prices were below the domestic prices?

A. At that time.

Q. You have stated in your examination that in round figures—but I will read it to you:

"How much is the annual value of the raw or semi-finished materials that you sell to American manufacturers at reduced prices for that purpose, in round figures?

"A. That is, the value of the material?

"Q. The value of what you sell them?

"A. Approximately $30,000,000."

Now, you sold those to them to be sold abroad at prices which were lower than you were selling the same thing at to customers in America?

A. And very often to the same people, for the purpose of stimulating foreign business.

Q. If the thing were to go to foreigners they would get it at a less price and if it went to our own people they would pay more for it?

A. No; that is a mistaken idea. The foreigner pays more for his goods than the man in this country, when the duties and freight and everything are added.

Q. And you sold in this country knowing it was going in foreign business at less prices than you sold at knowing that it was going to stay in this country?

A. For instance, in the case of Australia, it would have to carry freight for 14,000 miles.

Q. Is it not a fact that you sold these goods knowing they were going to foreign countries, and sold them at a less price than you sold the same goods at the same time which you knew were to be used in this country?

MR. SEVERANCE: I do not think you understand. He did not say these things that he sold were going to foreign countries, but they were to be made up by American manufacturers into goods to go to foreign countries.

By MR. DICKINSON:

Q. The goods thus manufactured or transformed were to go to foreign countries?

A. Yes, and our workmen receive the same wages for making that class of goods as they do for making those goods for this country.

Q. The same goods were sold to manufacturers in this country to be transformed and sold as finished products here?

A. Yes.

Q. When you knew that they were going to foreign countries you sold at a less price than where you knew that they were to be used in America?

A. We never made any secret of it.

Q. But it is a fact, is it not; you did it?

A. Did it to all comers. Anybody that wanted to develop a foreign business received our assistance, not only in the way of special prices, but we would lend him a salesman in a foreign country and place our office at his disposal, and help him in every way to build up a foreign business.

Q. But the fact is that in doing this you sold things that were to be manufactured and sold abroad at a less price than you sold things which you knew were to be manufactured and sold in this country?

A. Yes.

Q. Now, how did you know, Mr. Farrell, that these things were going to be sold abroad?

A. How did we know?

Q. Yes. Did you require affidavits?

A. Well, we generally were furnished with the customs house bill of lading, showing their exportation.

Q. So you had official evidence of the fact?

A. We follow the Government system, you know, which they use in their work; that is, the Interstate Commerce Commission, their freight rates to the Pacific Coast on some commodities.

Q. What do you mean by the Government system?

A. Where they had special rates on materials that were going to the Pacific Coast.

By Mr. Severance:

Q. To the Pacific Coast for export, you mean?

A. Yes.

By Mr. Dickinson:

Q. You mean where the Government has rates?

A. The Interstate Commerce Commission makes special rates on material that is being shipped to the Pacific Coast.

Q. Is not that on account of water transportation on the Pacific Coast?

A. Well, it is a special arrangement to assist these manufacturers out there to do business.

Q. Do you mean to say that a man that is shipping from New York to the Pacific Coast to sell in the foreign trade gets a less rate than a man does shipping from New York to San Francisco, where it is to be sold in San Francisco?

A. The import rates are lower; the rate from Liverpool to Chicago is as low as the rate from Boston to Chicago.

Q. That is not the question that I was asking you, which was whether the fact that one man is going to sell his goods for foreign use, and another is going to sell his goods for domestic use makes them get different rates from New York to the Pacific Coast?

Mr. Severance: Let me see if I understand your question.

It is whether there is an export rate less than the domestic rate, is not that it?

MR. DICKINSON: No, I mean the rate within this country. I understood him to say he did like the Government did, and—

MR. SEVERANCE: For instance, there has been introduced in evidence an exhibit showing there is an export rate lower than the domestic rate from Pittsburgh to New York. If the goods are destined to a foreign country, of course the railroads take them for less.

By MR. DICKINSON:

Q. That is a combined railroad and steamer rate, is it not?

A. No, no.

By MR. DICKINSON:

Q. Is not that a combined rate, where it is a through bill of lading to a foreign country, that you are speaking of?

A. No, they are special rates for export.

MR. SEVERANCE: To encourage the export.

By MR. DICKINSON:

Q. One minute. Do you mean to say that if a shipment is made from Pittsburgh to New York under a bill of lading beginning and ending with Pittsburgh and New York, that where it is known that that is going to be exported, the rate is less than it is where it is known it is going to stop here in New York?

A. Yes, sir; the tariffs are published.

MR. SEVERANCE: Certainly; they are fixed by the Interstate Commerce Commission at less.

By MR. DICKINSON:

Q. You mean the contract of shipment in each case stops in New York?

A. Yes, the domestic—

Q. Then if there is a reshipment, on account of that reshipment, and a new bill of lading, there is a less rate from Pittsburgh to New York than there would be if there was not a reshipment?

A. Yes, sir. There is an export rate and a domestic rate,

and the Government has encouraged the export business to the extent of permitting the Interstate Commerce Commission to make export rates. We are encouraging the manufacturers of the country to do an export business.

Q. Do you mean to say, Mr. Farrell, that the Government, because a thing is to be exported, and it is known that it will be exported, makes a different rate under a contract that begins at Pittsburgh and terminates at New York in each case, lower in respect to what is going to be afterwards shipped to a foreign country, than what is going to stay here?

MR. SEVERANCE: You mean the Interstate Commerce Commission when you say the Government.

MR. DICKINSON: He said the Government all the way along.

MR. SEVERANCE: He said through the Interstate Commerce Commission.

MR. DICKINSON: Just put it Government.

MR. SEVERANCE: He does not say that the Department of Justice does that. That is a different department of the Government.

MR. DICKINSON: Just leave my question as I put it.

(The question was then repeated by the stenographer.)

THE WITNESS: Yes, since 1903 I think the export rates have been in effect.

By MR. SEVERANCE:

Q. When you say the Government, you mean the Interstate Commerce Commission?

A. I mean a branch of the Government, the Interstate Commerce Commission.

Q. The railroads make the tariffs, do they not?

A. Yes; but they make them under the authority of the Interstate Commerce Commission.

By MR. DICKINSON:

Q. You testified in regard to the cost of doing foreign business, and you also testified that you used vessels in that business?

A. Yes, sir.

Q. Cargo vessels; some, I believe, that you own, and some, I believe, that you charter?

A. Yes.

Q. Those vessels on part of the voyage carry freight for people other than the United States Steel Corporation, do they not?

A. Yes, sir; they trade around the world.

Q. Now, how are the earnings of those vessels disposed of in respect to this question of the cost of doing foreign business? Is that taken into consideration, and if so, how?

A. No; whatever earnings these ships have earned up to the present time have been set apart for the purpose of buying more vessels for the same business.

Q. I did not mean the particular money, where it went to, but in estimating the cost of doing foreign business, is any account taken of that, one way or the other?

A. No, sir.

Q. Mr. Farrell, what was the foreign price of spring steel, average during the year 1904?

MR. SEVERANCE: Just a moment. As I understand, Judge Dickinson, you are reading that from the exhibit we have introduced in evidence?

MR. DICKINSON: Mr. Severance, I prefer not to be questioned—

MR. SEVERANCE: I do not propose to have Mr. Farrell examined about figures shown on any exhibits in evidence unless he is permitted to look at the exhibits.

MR. DICKINSON: If you do not intend that and make that announcement now, I will close the examination.

MR. SEVERANCE: Very well. You may do as you like. I advise the witness—

MR. DICKINSON: If you insist, when I am testing the witness in regard to the knowledge of things about which he has testified—if you insist upon his having the exhibits when I am examining him in regard to them, there is no use of my examining him.

MR. SEVERANCE: You may do as you like about that. I will merely state this: There was produced Exhibit No. 42, which

was introduced in evidence, showing domestic and export prices, the exhibit that you have examined him about in great detail today, when he had it before him. He has not said, at any time, that he had all these figures in mind, and no human being could have them all in mind. If you want to ask as to the price of export traffic, he can answer by an examination of this exhibit. I advise him that he has the right to have the exhibit in front of him, as he had this morning, when you examined him about domestic prices, and that he is not obliged to answer any questions by guess or speculation. I will hand him the exhibit, which he can use to refresh his recollection, if he desires, in answering your questions, as he has a right to do. It is in the record.

By MR. DICKINSON:

Q. Mr. Farrell, do you know the average price of spring steel as sold for export in 1904?

MR. SEVERANCE: I advise the witness that he may examine Exhibit No. 42, which is in front of him, and from that give his answer.

MR. LINDABURY: If I understand the present question it is to the witness' recollection independent of the exhibit.

MR. DICKINSON: Precisely, yes.

MR. LINDABURY: Of course he has a right to ask that.

MR. DICKINSON: I certainly think I have. It is a most extraordinary ground that is taken by counsel.

MR. LINDABURY: I agree with Mr. Severance that the witness is not bound to submit to an examination with regard to a schedule without seeing it; but of course you have a right to test his recollection outside of that.

MR. DICKINSON: That is exactly what I am doing. As a matter of fact, what I have before me has not got what I am asking him about, and I am asking him outside of it.

MR. SEVERANCE: You say it has not got it?

MR. DICKINSON: No. I have not got it.

MR. SEVERANCE: I beg your pardon. You have it right here.

By Mr. Dickinson:

Q. Now, Mr. Farrell, will you answer that question if you can.

(By request the stenographer repeated the pending question as follows):

"Q. Mr. Farrell, do you know the average price of spring steel as sold for export in 1904?"

The Witness: I have no recollection.

By Mr. Dickinson:

Q. Do you know the average price of spring steel for 1904 as sold in the domestic trade?

A. Not without refreshing my memory by examining the exhibit.

Q. Do you know the average price of spring steel for 1905, export?

A. I have a fair impression of it, but I will answer the question negatively.

Q. Do you know the average price of spring steel for 1905, in the domestic trade?

A. I do not recall.

Q. I will ask you the same question, both as to export and foreign, as to 1906, January and February.

A. If I answer them correctly will you tell me?

Q. I will, at some time.

A. I do not want to be irrelevant or facetious, but I have a general knowledge of these prices, and yet if I am asked to state definitely, I want to be accurate; and since I am unable to satisfy myself as to the accuracy of my mind with regard to these particular periods and particular prices, I answer no.

Q. You naturally prefer not to answer, under those circumstances?

A. Yes, sir.

Mr. Lindabury: These are questions as to averages, anyhow, are they not?

Mr. Dickinson: Yes.

Mr. Severance: That is what this table is.

By MR. DICKINSON:

Q. I will ask you the same thing as to spring steel, and make it relate to domestic and export for the first half of 1906, the second half of 1906, for the second half of 1909 and the first half of 1910. What would your answer be as to that?

A. The same reply, sir.

Q. If I should ask you as to skelp for 1907, what would you say?

A. I would like to answer the question, but I am afraid that I might be fifteen or twenty cents out of the way, so I would rather answer no.

Q. How about axles, smooth, forged, for 1904?

A. The same answer.

Q. And that same answer would relate to 1905, 1906 and 1908?

A. Yes, sir.

Q. Without being able to answer those questions, can you give me the percentages as between the two periods for those respective times?

MR. SEVERANCE: What does that mean, Judge? The percentages of what?

MR. DICKINSON: Can you give me the increase or decrease for those periods in respect to those articles, as between export and domestic business?

MR. SEVERANCE: I object to that, as such an involved question as to be meaningless and impossible to be answered. Nobody could understand that question.

MR. DICKINSON: Mr. Farrell may.

MR. SEVERANCE: I submit that the question means nothing.

MR. LINDABURY: You mean from mere memory, Judge?

MR. DICKINSON: Yes.

MR. SEVERANCE: That is not the point. The question itself does not mean anything.

By MR. DICKINSON:

Q. Do you understand it, Mr. Farrell?

A. I will answer the question no.

MR. SEVERANCE: The question does not mean anything.

MR. DICKINSON: I may be so stupid as that I do not understand my own questions.

THE WITNESS: It was pretty clear, Judge.

By MR. DICKINSON:

Q. You understand it?

A. It was pretty clear.

Q. I feel very much reassured, and much comforted, Mr. Farrell.

MR. LINDABURY: You are reassured and comforted at discovering Mr. Farrell's fallibility?

MR. DICKINSON: No; but because he understands my question.

By MR. DICKINSON:

Q. Can you give me from memory the increase per ton of domestic over foreign sales of those respective products that I have mentioned for the periods named?

A. Will you state the products again?

Q. Spring steel, for 1904, 1905, January and February, 1906, the first half of 1906, the second half of 1906, the second half of 1909, the first half of 1910. Skelp, 1907, blooms, billets and slabs, 1907.

MR. SEVERANCE: I object to that, as I did to the other, on the ground that the question is perfectly meaningless. If it is anything, it is about a dozen or fifteen questions in one. No dates are fixed, no points to which the percentages can relate.

MR. DICKINSON: Yes; the average prices for the dates I gave you, between domestic and foreign. I am asking if you can give the increase per ton or the decrease per ton as between foreign and domestic.

A. No, sir.

By MR. DICKINSON:

Q. This paper, Defendants' Exhibit 41, is entitled "Partial list of principal products yielding higher prices f. o. b. mill for export than for domestic shipment, periods (so far as ascertained), and respective differences in favor of export prices. This list is not complete, as there are numerous

other periods in which some products were sold higher for export than domestic; requiring exhaustive analysis of domestic and export selling prices to properly classify."

Who prepared that paper, Mr. Farrell?

A. It was prepared in the office of the United States Steel Products Company, by the accounting department.

Q. And was furnished to you?

A. Furnished to me.

Q. And you accepted it as correct?

A. Yes.

Q. Now, independently of this paper, can you give from recollection any of the figures that are set forth there?

A. No. The figures are largely, or a great many of them are, in fractions, and there are a great many commodities and a great many prices, and I would not attempt to state accurately what the prices are in any instance.

Q. And you think they are correct only because you have confidence in the sources where they were prepared and presented to you?

A. And because of the fact that I was familiar with the trend of the markets, and the character of the products, and what they were bringing in the markets.

Q. Generally familiar?

A. Yes; just as I know that pipe is selling for $20 a ton less than when the Corporation was formed, and just as I know that barbed wire sells for $17 a ton less, and nails $15 a ton less, and black sheets $30 a ton less.

Q. That is a general broad way of dealing with the question?

A. Yes, a general broad way of dealing with the question.

Q. And coming down to details and exact figures here, this paper was presented to you and gotten up in the comptroller's office and you accepted it as correct, and you do not undertake to verify these figures from independent knowledge?

A. No.

Q. Now, of these particular figures set out, have you any recollection of them independently of this paper?

A. By independently you mean with respect to the commodities that brought more money in the foreign markets?

Q. No, I mean as to difference in percentages for different periods.

A. Only in a general way.

Q. And you could not, from independent knowledge and independent recollection, verify the correctness of these figures?

MR. SEVERANCE: You might allow him to see the exhibit. He does not know what is in it.

By MR. DICKINSON:

Q. How is that, Mr. Farrell?

A. Only in a general way; that is, I know the commodities, that we got more money for in foreign markets than we did in domestic markets, and I have a fair idea of the relative position, but I would not attempt to testify within a cent a ton, or to an accurate percentage.

Q. You say a cent a ton?

A. I meant that only figuratively.

Q. Would you dare testify, from your independent knowledge of the business and of the way in which it has been done, and the prices received, and the domestic prices, as to the accuracy of these figures?

MR. SEVERANCE: As to the substantial accuracy, you mean?

MR. DICKINSON: I mean just what I say.

THE WITNESS: No, sir.

By MR. DICKINSON:

Q. How as to the substantial accuracy of them?

A. As to the substantial accuracy, I believe I would, probably.

Q. What do I understand by "substantially", in the sense that you use it?

A. If I were to take that sheet, that exhibit, and examine the different commodities and the different prices, I could pretty nearly say as to whether these differences were correct or substantially correct.

Q. And if you took this sheet and looked at any figures here for any different periods, could you recollect and recall that those were the prices or the differences or the percent-

ages for that particular period, and could you do it without going back to the data from which this was made up?

A. No; it is a matter of merchandizing.

Q. How?

A. It is just a question of merchandizing. You know from one year to another what the general trend of prices is.

Q. I am not speaking of general trend, but I am speaking now of substantial accuracy of particular figures showing different percentages for different months, and different years, in respect of different articles; can you do that?

MR. SEVERANCE: Just a moment. This is not percentages, is it? It shows the increases per ton, not percentages. You are examining him about an exhibit that he identified and produced.

(By request the stenographer repeated the pending question.)

MR. SEVERANCE: I object to that question, for the reason that it is not a correct statement of the character of the exhibit concerning which counsel is questioning the witness. He is questioning him with respect to Exhibit 41; it does not contain any percentages; it contains only dollars of increase per ton.

By MR. DICKINSON:

Q. Can you, outside of this general knowledge of the trend of business, give from memory any figures in dollars, independently of this paper, which would show the increase per ton of foreign over domestic prices, for the dates and for the articles that I have specified?

A. I would not attempt to do it.

Q. Can you in any way, based upon knowledge outside of the information you derive from this paper, give as a matter of recollection or knowledge, the increases per ton of foreign over domestic prices for the different articles for the different periods that I have called to your attention?

(By request the stenographer repeated the pending question.)

MR. SEVERANCE: You mean without looking at the paper?

MR. DICKINSON: That is what I mean.

THE WITNESS: What commodity and what period?

By MR. DICKINSON:

Q. I will go over them again. The commodities were spring steel for 1904, 1905, January and February, 1906, the first half of 1906, the second half of 1906, the second half of 1909, the first half of 1910; skelp, 1907; blooms, billets and slabs, 1907.

A. Not accurately.

Q. Can you do it with substantial accuracy?

MR. SEVERANCE: You mean without inspecting the exhibit, do you?

MR. DICKINSON: Yes.

THE WITNESS: I would not attempt to do it. I have a great deal of confidence in what I might be able to say, but in view of the necessity of accuracy in these matters, I would rather say no.

By MR. DICKINSON:

Q. Well, I will ask you if your testimony in regard to these differences was not based upon this paper and the reliance you put upon the sources from which it was derived?

A. Well, not altogether. I was—

Q. Just tell me, now, what you went on, independently of it.

A. Well, I was familiar at the time with the prices that were being made on those commodities, and when that statement was compiled those prices and the contracts made at those times were available. Now I cannot carry in my head each particular transaction and each particular price for each period and over the entire time.

Q. Can you give any information without going back to the data for those particular times in which it gave the respective prices?

A. I presume I would be expected to make an answer that would be considered a definite answer?

Q. You may answer it any way you choose.

MR. SEVERANCE: May I ask to have that question read?

(The question was repeated by the stenographer.)

MR. SEVERANCE: Information as to what, Judge? That is a very general question. I do not think it definite enough so he can understand what you mean by it.

MR. DICKINSON: Well, if he does not understand, I will ask another one.

MR. SEVERANCE: I object to it as indefinite and incompetent.

MR. DICKINSON: Now read the question.

(The question was again repeated by the stenographer.)

THE WITNESS: No, sir.

MR. DICKINSON: I believe we have already excepted to this, but to be sure, I will except again, as being hearsay, secondary, irrelevant and incompetent. It is now about adjourning time.

(Whereupon an adjournment was taken until tomorrow, Friday, May 23, 1913, at 10:30 o'clock a. m.)

SIXTY-SECOND DAY.

EMPIRE BUILDING,
71 BROADWAY, NEW YORK CITY.

FRIDAY, MAY 23, 1913.

Before SPECIAL EXAMINER HENRY P. BROWN.

Present on behalf of the United States, MR. DICKINSON and MR. COLTON.

Present on behalf of the Defendants, MR. LINDABURY, MR. SEVERANCE, MR. BOLLING and MR. REED.

JAMES A. FARRELL

the witness under examination at the taking of the adjournment, resumed the stand.

CROSS EXAMINATION (Continued)

By MR. DICKINSON:

Q. Mr. Farrell, you stated that you had had prepared a paper which was introduced in evidence and marked Defendants' Exhibit No. 43, entitled "Comparative statement of shipments and gross sales f. o. b. mills in export and domestic business." State how that paper was prepared. There is the paper; you may look at it.

A. Yes, sir. That paper was prepared in the comptroller's office, by Mr. Filbert.

Q. You were asked: "Is this substantially correct?" and you said "Yes." These figures here are composite figures, are they not?

A. They are total figures.

Q. They are total figures, based upon a great variety of detailed data gotten from various papers?

A. Yes.

Q. Did you examine those papers out of which these figures were made, or accept them from the comptroller's office?

The statement was prepared by the Comptroller, and you did not verify the data?

A. No; but from my knowledge of the business of the Corporation, I considered the figures were substantially correct.

Q. But this was all that was handed to you?

A. Well, it was prepared at my request.

Q. I know; but, as I understand it, you requested it to be prepared, and it was prepared in the comptroller's office; it was prepared from a great many figures which made the composite figures appearing here, and you did not examine the different documents from which these basic figures were obtained, out of which these composite figures grew, but accepted it as correct, coming from the comptroller's office?

A. After he gave it to me, I could tell, that it was pretty nearly correct; substantially correct.

Q. Do you mean to say that you could just look at these figures, say for 1904, the gross tons of export shipments for that year, and for 1912, and, as a matter of memory and knowledge, independent of these figures, and independent of the figures on which they were based, that you could say that these were substantially correct?

A. They conformed with the data that was in constant preparation by the Steel Products Company; in 1904 about a million tons, and in 1912 about 2,243,000 tons.

Q. Did you examine those recently?

A. The statement was prepared by the comptroller.

Q. And handed to you?

A. And handed to me.

Q. What I am trying to get at, Mr. Farrell, is just this: Whether or not you prepared these composite figures, or whether they were prepared for you, and from data which you do not carry in your mind?

A. The figures were prepared by the comptroller in the Comptroller's office. I did not actually prepare those figures, although I am familiar with the business that goes to make up those figures.

Q. You were asked if they are substantially correct?

A. Yes.

Q. What do you mean by "substantially correct?"

A. Approximately.

Q. Would you draw any distinction between saying that a thing is substantially or approximately correct, and saying that the figures are accurate?

A. Yes.

Q. Then would you be justified in saying that the figures I have here are not merely substantially correct, but that, of your own knowledge, you know they are accurate?

A. No; I should say that they are substantially correct. I would not say that they are accurate.

Q. Then, when you were asked on page 7126 this question:

"Mr. Farrell, from your knowledge of the business of the Corporation are you able to state that the figures there given are substantially correct figures?

"A. They are accurate figures."

Was not that rather an overstatement, in view of your attention now having been called to the manner in which it was prepared?

A. Well, in the sense that they would be accurate as far as the comptroller was concerned; he would check those up.

Q. You did not mean that you knew, of your own knowledge, independent of his work, that they were accurate?

A. No; I did not intend to so state. I intended to say that they were substantially correct. As far as the comptroller was concerned, they would be accurate because they would have to check up with him.

Q. But the way the question is put, it is not: "Do you believe that the comptroller's work was accurately done," but:

"Mr. Farrell, from your knowledge of the business of the Corporation are you able to state that the figures there given are substantially correct figures?

"A. They are accurate figures."

A. I would consider anything tendered to me by our comptroller as accurate.

Q. Then your answer was based upon your faith in his work and not upon your knowledge of these figures?

A. Yes; partly upon my knowledge, because I am—

Q. Well, now, Mr. Farrell—

MR. SEVERANCE: Let him finish his answer, Judge.

THE WITNESS: (Continuing.) Partly from my knowledge, because I am familiar with the Corporation's business and the character of their business, and what goes to make up totals; but I did not actually compile those details myself.

Q. When you say those figures are accurate, that means that they are exactly correct, does it not?

A. Yes.

Q. That would mean that?

A. Yes; that would mean that.

Q. Can you say that, independently of your faith in his work, you know, merely from your knowledge of the business of the Corporation, that they are accurate figures?

A. I do not want to appear to be inclined to ignore your question, Judge, but you are dealing with a business there that I am very familiar with—the foreign business; a business that I am concerned with all day long. I am telling you what the exports were, within a thousand tons, in 1904, so given in a paper which you hold in your hand; and I am telling you, within a few hundred tons, of what the figures are in 1912, from the paper which you hold in your hand.

Q. You would call that approximate, would you not?

A. No; I should not call that exactly an approximation.

Q. Would you call it accurate?

A. I would call it substantially correct.

Q. Substantially correct; but would you say that it was accurate? I simply want to get at what you mean by the use of the term "accurate."

A. Do you regard it as a figure of speech?

Q. Not a figure of speech, but I want to know whether you really meant to say that you knew, merely from your knowledge of the business, and without relying upon your faith in the work of the comptroller, that these figures here given are accurate figures?

A. I would consider these figures accurate figures.

Q. That does not answer my question. You say you would consider them accurate. Why?

A. Because of the fact that the figures were compiled in a department with which I am in touch, and because of my knowledge of the items that go to make up the total.

Q. Now, can you state, and do you state, that from your knowledge, independent of your faith in the work done in the comptroller's office, that you know that these figures as given here are accurate?

A. I would accept them as such, but if you want me to say—

Q. I do not want you to say anything.

MR. SEVERANCE: Let him answer.

THE WITNESS: (Continuing.) I do not understand the ethics of this situation at all, but if you want me to say that a thing is accurate which has been compiled by another man, from data which I am familiar with, and because I did not actually do it myself, did not take this mass of figures and put them together and arrive at a total; if you want me to say that they are accurate or not accurate, I would naturally say that I would not consider they were accurate unless I had actually done it all myself.

Q. Understand me, I do not want you to say anything except what you want to say.

A. I understand that.

Q. I think we now understand each other.

A. I do not exactly understand the modus operandi, and I am trying to give you the information you are seeking.

MR. DICKINSON: I want to renew my exception to this Exhibit 43, as being based upon hearsay, and to the testimony of the witness as to the accuracy of these figures, the same being based upon hearsay and being secondary evidence.

By MR. DICKINSON:

Q. You were questioned yesterday in regard to Defendants' Exhibit 42. You probably do not remember the number, so I will hand it to you so that you may see what it is. Just look it over sufficiently to be sure.

MR. SEVERANCE: What is that?

MR. DICKINSON: That is that long list about which we asked so much yesterday.

MR. SEVERANCE: About the domestic and export?

MR. DICKINSON: Yes.

By MR. DICKINSON:

Q. Are these average selling prices given here the average of base prices, or the average of base prices and other prices at which the various commodities were sold?

A. Average selling prices.

Q. For all the products named here for the periods named?

A. Well, I haven't had an opportunity to examine them very carefully.

Q. Would you like to look at it?

A. Yes, I would appreciate it.

(Here the witness was handed Defendants' Exhibit 42.)

THE WITNESS: These are average selling prices.

Q. And cover your entire product of these kinds for those periods?

A. Yes.

Q. There was introduced in evidence Defendants' Exhibit 44, entitled, "Tonnage of exports of iron and steel by United States Steel Corporation interests," and it covers the years 1902 to 1912, for the various articles that are there set out.

MR. SEVERANCE: Will you show that to Mr. Farrell.

MR. DICKINSON: Would you like to look at it?

THE WITNESS: Yes. (Here Defendants' Exhibit 44 was handed to the witness.)

By MR. DICKINSON:

Q. (Continuing.) State how that statement was made up.

A. It was made in the comptroller's office, Mr. Filbert's office.

Q. Are these composite figures?

A. They are total figures.

Q. Based upon what?

A. Based upon the various commodities that are set forth in the statement.

Q. And for the various years?

A. Yes; they give a series of years, and the totals and commodities of each year.

Q. Did you compare this with the original figures upon which this paper was based?

A. With the original figures?

Q. Yes.

A. You mean the figures—

Q. I mean, did you have before you anything besides this? Or did you accept this from the comptroller's office?

A. This is a statement of the exports isn't it?

Q. "Tonnage of exports of iron and steel by United States Steel Corporation."

A. I have an independent knowledge of that aside from that statement.

Q. My question is, did you have before you the original data from which these composite figures were made up, or did you accept these results as correct when presented to you from the comptroller's office?

A. I accepted them as correct; they conformed with my own knowledge of the totals for the various years for the various commodities, etc.

Q. Then, do you mean to say that before this paper was made up, and without this paper, you had knowledge which would have enabled you to give substantially the same figures for the same years that are given here, independently of this?

A. I could have prepared a statement similar to that from the data that I am receiving daily, weekly, monthly and yearly of these various commodities and for these various years.

Q. That is, you could have prepared it from data?

A. Yes.

Q. But you did not prepare it from data; did you?

A. This statement?

Q. You did not prepare it at all, did you?

A. I did not actually prepare it.

Q. Then you did not prepare anything on this paper from data, did you?

A. I did not consider that it was necessary, although I could have done it.

Q. Of course; I know you could have done it, and if you thought it was necessary you probably would have done it, but I am just asking you if you did it?

A. That information contained in that statement is something that I am in constant touch with, as I said before; I understand the nature of the business, the business we are doing from day to day, and from week to week, etc.

Q. But from your knowledge which you had in your mind, and independent of going back and preparing anything from data, either your own data or from Mr. Filbert, would you have given figures substantially like these for each of these years for each of these commodities?

A. From the reports I receive I could have compiled a statement similar to this, and so could several other people in our Products company.

Q. But without the actual reports?

A. You mean without the actual figures?

Q. Yes; without the actual figures, could you have done it?

A. Could I have prepared such a statement?

Q. Yes.

A. I believe I could if I had the figures before me.

Q. If you had the figures before you?

A. Yes, sir.

Q. But I am asking you, if you did not have the figures before you, out of your mind?

A. No, I could not have done it out of my mind. It is rather a kaleidoscopic proposition.

Q. Do you mean to say, then, that from your knowledge of your business that is covered by this paper, independent of any data in your office, or independent of any information furnished by Mr. Filbert, that you could say that these figures are substantially correct?

A. May I interpret your question?

Q. Oh, yes, because if you do not understand it like I do, I want to keep on asking until we do understand each other.

A. Do I understand your question to mean, or rather, do I understand you to say that it would be possible or impossible for me to prepare such a statement out of my mind; is that it?

Q. I do not say possible or impossible, but I am just asking you whether you, without regard—

A. I could not prepare such a statement out of my mind, but—

Q. And could you out of your mind, without the information you got through this paper, or without information that you might have gotten from data in your office, speak as to the correctness of these figures?

A. No statement can be prepared without a mass of figures which are necessary to prepare a statement; and I could not have done it any more than anybody else.

Q. Then, of your own knowledge, independent of this paper, you could not say that these figures are substantially correct?

A. I would consider them so, but I will not state that they are, if that is what you are trying to get at.

Q. Yes, that is what I am asking. Now, I call your attention to this question and answer in regard to this exhibit:

"Q. And from your knowledge of the business that is covered by it, what would you say as to whether it is a substantially correct statement, speaking from your own knowledge?"

Now, do you stand by that answer?

"A. I should say it was substantially correct to my own knowledge."

A. I should say it is substantially correct, and from my knowledge of the business, I would have no reason to assume otherwise.

Q. Yes, but do you base that answer as to your knowledge that you carry in your mind of these figures, or on your knowledge of the business and of your faith in the correctness of these figures furnished to you by the comptroller? I simply want to get as to whether or not you are testifying as to these things as of your own knowledge from the general business, or whether it is based upon data which you received from the comptroller's office?

A. Both.

Q. Both. Now, how much or how far, just from your own knowledge that you carry in your mind from the business, and independent of any data upon which this was based, or any data that you might have used in your office, can you say that these figures are substantially correct?

A. I should say they were substantially correct.

Q. To your own knowledge, independently of any information furnished by this paper?

A. That is rather a complex question.

Q. Well, I would like you to answer it, though, because you have answered it once, and—

A. I should say, from my knowledge of the business and my contact with the business and the detail which I am familiar with concerning that business, that those figures are substantially correct, because they comport with other figures which have been prepared from time to time in other offices, aside from the comptroller's office.

Q. And you base that, do you, on your own knowledge, independent of any information that you got from the comptroller's office through this paper?

A. I base it on knowledge that I have had from time to time of statistics compiled in another office altogether, in the Products Company, a company that does this foreign business.

Q. What are those statistics?

A. Similar.

Q. Similar?

A. The only difference being that they deal in gross tons, and the comptroller deals in net tons. They invoice all this material; this Products Company gets the mill sheets showing the tonnages shipped; then the Products Company actually invoice all this material and are a self-contained concern, and the figures are there, the data are there, and it is something that I was in touch with every day and am still in touch with, so that I think it can be assumed that I am in an intelligent position concerning those figures.

MR. SEVERANCE: Will you read that answer, please?

(The answer was then repeated by the stenographer.)

By MR. DICKINSON:

Q. Now, your answer, as I understand it, as you have given it, is based upon figures other than those that appear here, is it?

MR. SEVERANCE: Will you pardon me a minute? I want to see what that statement is about the net and gross tons.

(The previous answer was then repeated as follows:)

"The only difference being that they deal in gross tons and the comptroller deals in net tons"——

By MR. DICKINSON:

Q. That is, you say the difference between the figures you

had in your mind and this was that the other figures deal in gross tons and these in net tons?

A. No, the comptroller's statement is gross tons.

MR. SEVERANCE: I thought he inadvertently made a misstatement.

THE WITNESS: Yes, the comptroller's statement is in gross tons, and the other in net tons.

MR. SEVERANCE: You have it turned around.

MR. DICKINSON: Now read that part of the answer.

(The answer was then read, as follows:)

"The only difference being that they deal in gross tons and the comptroller deals in net tons"——

MR. SEVERANCE: That should be the other way?

THE WITNESS: Yes.

MR. SEVERANCE: That is what I wanted to correct. He said that before, you know.

By MR. DICKINSON:

Q. I understood you to say that you had a general knowledge of the export business of iron and steel in the United States going back how far?

A. Back to 1895, 1896 and 1897, when we were building up the business of the Pittsburgh Wire Company, and more generally after the formation of the Corporation.

Q. And it was a part of your education and business to have a knowledge of the export business of the United States was it?

A. Yes.

Q. Now, Mr. Farrell, what was the total export from the United States in Steel rails in the year 1901?

A. I do not recall.

Q. Can you give an approximate figure?

A. In 1901?

Q. Yes.

A. I do not recall. I have no——

Q. Can you give a figure that is substantially correct?

A. I have no recollection of the figure in that year.

Q. For 1900?

A. The same reply.

Q. For 1899?

A. I do not recall.

Q. 1898?

A. I do not recall.

Q. If I ask you without repetition the same questions for those years, for pig iron, scrap iron and steel, billets, blooms and ingots, steel rails, wire rods, steel bars, hoops and bands, and in fact all the other articles included in this list, would your answer be the same?

A. I do not recall the exact figures. I do not attempt to carry them in my mind.

Q. Well, can you give them substantially correct?

A. I do not attempt to carry them in my mind.

Q. You cannot give any figures, then, at all, with regard to any period previous to 1902 in respect of the various items set forth in this exhibit?

A. I would not attempt to. I have no recollection of the exact figures.

Q. I will ask you if you can give them not exact, but substantially correct. If you can, what would your answer be?

A. What years are you talking about?

Q. Well, the years 1901, 1900, 1899 and 1898?

A. No.

Q. Can you give within 50,000 tons of the export in steel rails for those several years named, from memory or knowledge?

A. I know that they have shown a constant increase. I would not attempt to give you the exact figures.

Q. You know they have shown a constant increase since when?

A. Well, I will not use the term constant, but they have shown—that is as between the inception of the company and the last years of doing business, there has been a larger volume of business.

Q. That does not answer my question. Maybe you misunderstood it, and doubtless did. The question is for 1898, 1899, 1900 and 1901 can you of your own knowledge give within 50,000 tons of the steel rails exported to foreign countries from the United States for each of those years? If you can, just give the figures.

A. I would not attempt to.

Q. Do you know whether during those years, beginning with 1898 and ending with 1901, there was in increase or diminution in the export of steel rails?

A. As between the years?

Q. Yes.

A. I should say there was an increase.

Q. How as between 1900 and 1901?

A. I have not any recollection.

Q. How as between 1900 and 1902?

A. I do not recall.

Q. You cannot give any information on that subject?

A. No.

Q. In 1902 can you give the exports of pig iron from the United States by all companies other than the United States Steel Corporation?

A. No, sir.

Q. If I repeat the same questions for all the items following here, what would your answer be?

A. The same.

Q. Could you give us the figures approximately correct?

A. I would not attempt to do so.

Q. So, from your general knowledge of the steel and iron business which you have been acquiring for years, and from your study of the export business, you would not undertake to give the figures for 1902 even approximately in respect to any of those articles exported by all companies other than the United States Steel Corporation?

A. I would not attempt to carry a mass of figures in my mind.

Q. Nor the composite figure?

A. No.

Q. Do you carry in your mind the composite figures for the various years and for the various articles set out in this Exhibit No. 44?

A. The totals?

Q. Yes.

A. Pretty well.

Q. Did you have those figures in your mind before you saw this paper?

A. In a general way; but I would not undertake to state them.

Q. Then if you attempt to state them now, would it not be based upon knowledge largely derived from this table?

A. If I attempted to state them now?

Q. Yes.

A. Not necessarily.

Q. Would it at all?

A. Largely.

MR. DICKINSON: We except to Defendants' Exhibit No. 11, as being hearsay and secondary and incompetent, and we except to Mr. Farrell's testimony as to the correctness of the figures therein set forth or to their substantial accuracy.

By MR. DICKINSON:

Q. Mr. Farrell, do you know anything about any allotment to the Carnegie Steel Company on or about January 27, 1903, under the hoop and cotton tie pool?

A. No, sir.

Q. Do you know of any allotment under that pool for that period or thereabouts, to any of the subsidiaries of the United States Steel Corporation?

A. No, sir.

Q. I will ask you, Mr. Farrell, from your knowledge of the iron and steel business, acquired as you have testified, what the following means: I am reading from a meeting of January 27, 1903, minutes of the Carnegie Steel Company, Volume II of Government Exhibits, page 482, a statement credited to Mr. Bope:

"We have sold 1,200,000 bundles of cotton ties, although the market has been open only two weeks. Last year our total sales amounted to 1,300,000 bundles, but our allotment has been increased this year. However, we have sold the bulk of our ties for this season, and will hold up the remainder for a better price."

Q. What does that mean—"our allotment has been increased this year"?

A. I have no information on the subject.

Q. Could it mean anything else except that there was an agreement at that time among competitors under which

the Carnegie Company had an allotment which had been increased that year?

A. I would not express an opinion on a matter that I know nothing about.

Q. I will read to you from Volume 3 of the Government Exhibits, page 921, from the minutes of the Carnegie Steel Company, as follows:

"American Steel Hoop Company. Mr. Corey"——

What position did Mr. Corey hold at that time in the Carnegie Company? He was president, was he not?

A. I think so.

Q. (Reading):

"MR. COREY: I find that the Steel Hoop Company had an agreement with the Illinois Steel Company to pay them $150,000 per year to stay out of the cotton tie business. Mr. Preston tried to have the contract cancelled the first of April, but failed, and agreed to continue it for the remainder of this year. I took the matter up again this week, taking the stand that all contracts were abrogated between the constituent companies as of July 1. President Schwab agreed with me, so that we succeeded in having that agreement cancelled."

Do you know anything about that contract?

A. I have no information on the subject.

Q. Who was the Mr. Preston there referred to?

A. Mr. Preston was formerly connected with one of the hoop companies that went into the American Steel Hoop Company.

Q. Did he have any connection with it after it went into the Corporation?

A. With what?

Q. The United States Steel Corporation.

A. He was at one time third vice-president.

Q. Of the United States Steel Corporation?

A. Yes.

Q. What is his name?

A. Veryl Preston.

Q. I believe you testified on your direct examination about the cotton tie business not being profitable.

A. Yes, as compared with other commodities.

Q. Do you mean to say that they were not made at a profit?

A. No, I didn't say so.

Q. There were other things that you made more on; that was what you meant?

A. Yes, that was the idea.

Q. There was introduced in evidence during your testimony Defendants' Exhibit 46, entitled "American Steel and Wire Company, total shipments," as covering the year 1900 and the year 1911. I will just show that to you, to identify it. (Handing paper to witness.)

What was the total number of tons of wire, bright and annealed, produced in the United States, both for domestic and foreign business for the year 1899?

A. I do not recall.

Q. For the year 1900?

A. The same answer.

Q. For the year 1910?

A. What was the question?

(The pending question was repeated by the stenographer, as referring to the year 1910.)

THE WITNESS: I have no recollection.

By MR. DICKINSON:

Q. 1911?

A. The same answer.

Q. If I should repeat that same question to you for all of the other items which appear on this Exhibit 46, would your answer be the same?

A. The same answer.

Q. Could you give those figures that I have called for, for either of those years, with substantial correctness? If so, please give them.

A. I would not attempt to do it; I would not attempt to carry that mass of figures in my mind.

Q. Could you give figures that you would say were approximately correct?

A. No.

Q. What was the total tonnage produced by the American Steel & Wire Company, both for domestic and foreign business, for the year 1899, in wire, bright and annealed?

A. I don't recall.

Q. The same question for the years 1900, 1910 and 1911.

A. I do not recall, without having the document in front of me.

Q. This document does not show that. I am calling for knowledge other than this. I want to get some information on my own account. If I should repeat these same questions to you for each of said years in respect of all of the other items appearing upon this exhibit, would your answer be the same?

A. Yes.

MR. LINDABURY: I understood you to say that that information does not appear on the exhibit. I am a little puzzled to understand it.

MR. DICKINSON: These figures I am calling for do not appear here, but I mean the different articles. Perhaps you did not understand my question.

MR. LINDABURY: If the witness understands it, it does not matter whether I do or not.

MR. DICKINSON: Did you understand it, Mr. Farrell?

THE WITNESS: Yes, I understood your question.

By MR. DICKINSON:

Q. Now, then, could you give as to each or any of these articles, for either of these years, figures substantially or approximately correct?

A. I would not attempt to do it.

Q. Have you any independent memory or knowledge that would enable you to give such figures?

A. I would not attempt to carry in my mind the figures over a long period of years for a great many commodities, tonnages, and so forth.

Q. You understand that I mean for domestic and foreign, do you?

A. Yes.

Q. Now, for each of said products for each of said years embracing both foreign and domestic trade, can you give the percentages of the total production produced by the American Steel & Wire Company, as compared with the entire production in each of them, for the United States, for each of said years?

A. No.

Q. Could you give it substantially or approximately correctly?

A. I would not attempt to.

Q. And you have no such general knowledge or information of the trade and the business as would justify you in answering that?

A. No.

Q. Mr. Farrell, will you give the percentage of the domestic trade produced by the American Steel & Wire Company in each of said products for each of said years as compared with the entire production in the United States in each of said products for each of said years?

A. No, sir.

Q. Can you give it approximately?

A. As compared with the country's production?

Q. Yes.

A. I would not attempt to.

Q. You have no such general knowledge then and information of the trade as would warrant you in undertaking to answer that question?

A. I would not attempt to answer the question.

MR. DICKINSON: Will you read my previous question.

(The question was repeated by the stenographer, as follows:)

Q. Mr. Farrell, will you give the percentage of the domestic trade produced by the American Steel & Wire Company in each of said products for each of said years as compared with the entire production in the United States in each of said products for each of said years?

By MR. DICKINSON:

Q. Add for the domestic trade. Would that change your answer?

A. No.

MR. DICKINSON: I except to Exhibit 46 on the ground that it is secondary testimony, based on hearsay, incompetent, and to the testimony as to those figures given by Mr. Farrell.

By Mr. Dickinson:

Q. You were examined in regard to Exhibit 48, which was introduced in evidence, entitled—I will just show it to you to show you what it is (handing witness paper).

A. Yes.

Q. State just what part you took yourself in the preparation of this exhibit or in the verification of it?

A. It was taken and prepared by Mr. Perley, one of my assistants, and checked over by myself from the American Iron & Steel Association Directory.

Q. For what year?

A. 1908 Directory with 1910 and 1912 supplements up to December 31st, 1911.

Q. Now you say that you checked it up, that is to say that you checked this paper up by the directory?

A. I went over the directory in a general way and saw the names of the companies and the character of the business they were in.

Q. Was that before or after the preparation of this paper?

A. After.

Q. So after this paper was prepared——

A. I went over the directory and looked the names over.

Q. And checked off these names with the directory?

A. I did not take a pencil and check them off.

Q. But you had somebody——

A. No; I went over it myself.

Q. With the directory?

A. Yes.

Q. And after it was made?

A. Yes, sir.

By Mr. Dickinson:

Q. The original base of this was Swank's Directory?

A. Yes, sir; the American Iron & Steel Association.

Q. And this is taken from that?

A. Yes. And the supplements to the directory.

Q. And you say that after this was prepared you went over this with the directory?

A. Yes; and then sent it to one of our vice president's offices and had it checked over; to the office of Mr. Reis. I think it was checked over by a young man in his office.

Q. Did you compare it with the original, with the Swank's Directory, after this was made up?

A. Not after it came back from that office.

Q. But before you sent it to that office, after it was prepared?

A. Pretty generally.

Q. To what extent did you compare it?

A. I did not take each name. There were a great many names there that I am familiar with, that I knew are in business; there are some concerns that appeared to be new companies.

Q. As I understand, then, you first went over Swank's Directory and picked out some names?

A. Mr. Perley prepared a statement. He gave me the statement and I looked over it.

Q. And that is this statement?

A. Yes; and that statement was then sent to me.

Q. I understand that you compared it with the original Swank's Directory?

A. Pretty generally; not every item.

Q. Not every item, but in the main?

A. Yes.

Q. And you sent it to be verified, and then it came back to you?

A. Yes; I did not examine it further.

Q. I will ask you, Mr. Farrell, if you are not mistaken about that. I call your attention to your testimony in the direct examination, pages 7429 and 7430 of the typewritten record, where the following questions were asked you?

"By Mr. Dickinson:

"Q. Let me finish with him. The part you had to do in preparing was going over the directory and selecting certain names in that directory. Anything else?

"A. That is all I had to do with it. I did not compile it or typewrite it.

"Q. Or compare it after it was prepared?

"A. I looked it over.

"Q. I did not ask you if you looked it over. I asked you whether you compared it with any originals.

"A. No; I did not."

Which one of these statements, to the best of your recollection now, is correct,—that you did not compare it or that you did compare it with the originals?

A. I should say that that was the more accurate statement, because I did not compare it carefully; and when the question was asked I considered that it would be necessary for me to say whether I had examined every name or not.

Q. So now you say, then, that you did not compare it in a way that would justify you in saying that you did in answer to the question I asked you as to whether you compared it with any originals.

A. I went over it in a general way, as I said, Judge, and then sent it to Mr. Reis's office for verification. Then I accepted their statement.

Q. Mr. Farrell, your testimony on this was based largely, was it not, upon information derived from Swank's Directory?

A. Yes.

Q. Could you, independently of that, state that from your own knowledge of the steel business, the amount of tonnage that is put on the market and the competition the Steel Corporation meets with in the sale of bars, regardless or irrespective of what was shown in Swank's Directory, that these figures here are correct?

A. I know a great many of the companies in a general way, and their capacity; but I would not attempt to be accurate upon that.

Q. My question is whether or not, independently or irrespective of the statistics shown in Swank's Directory, you could say that the figures given here as to comparative percentages of the production of the Corporation and of the competitive manufacturers, both in iron and steel, are substantially correct. Now, I am asking independently of the information you derive from Swank's Directory.

A. Only in a general way.

Q. Then would you undertake to say, independently of the information you got from Swank's Directory, and from your general knowledge, independent of that, that these comparative percentages are substantially correct?

A. If the names of those companies were read to me, I could probably tell the character of their product, and about

what their capacity would be. I have not that statement before me.

Q. Could you, without Swank's Directory, if the names of those companies had been given to you, have prepared this table showing the same substantial result as to percentages?

A. No.

Q. Then is it not based largely upon information you got from Swank's Directory?

A. Yes, sir.

Q. And you do not testify, as I understand you, to the substantial accuracy of these figures, independently of that information?

A. No. They were taken from the official sources of the American Iron & Steel Association.

Q. I will ask you if you were not mistaken in the answer that you gave to this question, and if your mind has been directly challenged to it, as it has been now by cross examination, whether you would stand by this answer:

"Q. What do you say, from your knowledge of the steel business, and of the amount of tonnage that is put on the market, and the competition the Steel Corporation meets with in the sale of bars, what do you say as to whether, in your judgment, and irrespective of the statistics shown in Swank's Directory, the figures as to the comparative percentages that are shown here of the production of the Corporation and of the competitive manufacturers, both in iron and steel, are substantially correct?"

"A. I should say that they are."

A. I should say that they were.

Q. Independent of the knowledge that you derive from Swank's statistics?

A. From my general knowledge of the business.

Q. And independent of that?

A. I would not say independent of that.

Q. That is what this question says. Instead of independent, it says irrespective of the statistics shown in Swank's Directory. Now I will repeat the question.

A. It is not necessary.

Q. What is your answer?

A. No.

Q. What do you mean by "no"?

A. I mean that I would not attempt to give those figures in an accurate way without reference to Swank's Directory.

Q. Do you stand by the answer given to that question in your direct examination?

A. You might read it again.

Q. (Reading.) "What do you say, from your knowledge of the steel business and the amount of tonnage as put on the market, and the competition the Steel Corporation meets with in the sale of bars, what do you say as to whether in your judgment, irrespective of the statistics shown in Swank's Directory, the figures as to comparative percentages that are shown here of the production of the Corporation and of the competitive manufacturers, both in iron and steel, are substantially correct?"

"A. I should say that they are."

Now, the question is, do you stand by that answer?

A. Yes.

Q. In all respects?

A. Well, I do not know, in all respects.

Q. Then do you stand by it? If not, just explain to what extent you do not stand by it.

A. Swank's Directory is a compilation of all the iron and steel manufacturers in this country. It is a book that is frequently referred to by everybody in the business, and aside from that, everybody in the steel business has a general knowledge of their competitors, their location, the character of their product and their output.

Q. But the question is whether or not, irrespective of the statistics shown in Swank's Directory, you can state that these figures are substantially correct.

A. Well, in answering that question I am uncertain in this way. I know in a general way what these companies produce, as I said; their location and the character of their product. Swank gets accurate figures, supposed to be accurate figures, from each manufacturer, as to their tonnage and output. I would not attempt to put my judgment or my figures against Swank's.

Q. I am not asking you to put yours against Swank's,

but without regard to Swank, I ask you whether you can say that these figures, to your knowledge, irrespective of Swank's statistics, are substantially correct.

A. I do not know exactly how to answer that question.

Q. I can not help you.

A. I know, but I should say that they were substantially correct.

Q. And basing your answer on information, irrespective of any information you derived from statistics, in preparing this paper?

A. Well, I would say no.

Q. In Volume 56, page 7,427 of your testimony, the following question was asked you:

"Q. Have you had compiled from the American Iron & Steel Association statistics, that is the Swank statistics, as of December 31st, 1911, a list of the mills equipped to roll iron and steel merchant bars in the United States, other than those under the control of the Steel Corporation or its subsidiaries?

"A. I have.

Now, that is this same Exhibit 48, is it not?

A. Yes.

Q. (Reading).

"Q. And have you also had placed on that by the comptroller's office the capacity of steel bars of the Steel Corporation?

"A. I have.

"Q. Have you examined that document (handing witness paper)?

"A. Yes; I went over it very carefully when it was compiled.

"Q. And are you satisfied that that is correct in all particulars?

"A. I am.

"Q. It was compiled under your direction, was it?

"A. Yes.

"Q. From the Swank statistics?

"A. From the American Iron & Steel Association, Swank's Directory and statistics, and our own production from our own records, Mr. Filbert, our comptroller's records."

Do you say, independently of the knowledge derived by you from Swank's statistics, that you can say that you are satisfied that this paper is correct in all particulars?

A. I would not attempt to say so.

Q. Then, do you stand by these answers:

"Q. Have you examined that document (handing witness paper)?

"A. Yes; I went over it very carefully when it was compiled.

"Q. And are you satisfied that that is correct in all particulars?

"A. I am."

A. Satisfied because our comptroller compiled it, and it was compiled in his office and sent to me. I usually consider anything he sends me as accurate.

MR. SEVERANCE: Which one are you talking about?

MR. DICKINSON: This same exhibit, 48.

MR. SEVERANCE: Compiled by the comptroller?

MR. DICKINSON: Part of it was compiled by the comptroller, yes.

By MR. DICKINSON:

Q. But irrespective of your faith in the comptroller's office, and irrespective of the statistics shown in Swank's directory, could you say that you are satisfied it was correct in all particulars?

A. I should consider that it was so.

Q. Can you say that you know it to be so?

A. No, sir.

MR. DICKINSON: We except to Exhibit No. 48 as hearsay and secondary evidence, and except to the testimony of Mr. Farrell based upon that exhibit, as being hearsay evidence and secondary, and not based upon his own knowledge.

By MR. DICKINSON:

Q. Now, Mr. Farrell, coming back to Exhibit No. 46, which I show you, you were asked in regard to a certain percentage in certain products which were produced by the American Steel & Wire Company for the year 1900.

MR. SEVERANCE: What page?

MR. DICKINSON: The testimony, page 7220.

Q. (Continuing.) And the year 1911, and you gave some figures of percentages. Were those percentages based upon this table, exhibit 46, in regard to which I have already asked you?

A. That was prepared in the comptroller's office, as I stated.

Q. But I mean the percentages you gave were based, were they not, on this table as a basis?

MR. SEVERANCE: I think his attention ought to be called to specific cases. I do not think he could answer that from knowledge, unless he knew what the questions were.

MR. DICKINSON: If he wants me to do it. Do you want me to do it, Mr. Farrell?

MR. SEVERANCE: I submit it is only fair to the witness to let him know what the question is about.

MR. DICKINSON: We have some different ideas in regard to fairness to the witness. I do not think I have been unfair. I have not tried to be.

MR. SEVERANCE: I will object to the witness being interrogated along the lines proposed by Judge Dickinson unless the witness is informed as to the nature of the things he is asked about; for instance, whether he was asked about the percentage that the different items in this exhibit bear to the total production, or whether he was asked about the percentage the product of the American Steel & Wire Company bears to the production of the country. They are two different matters, and he was asked about both, and I think it is fair to tell him what the questions are about.

MR. DICKINSON: I do not think I have been unfair to Mr. Farrell.

MR. SEVERANCE: That is all I want.

MR. DICKINSON: And when the questions are in doubt I have always given him an opportunity to explain.

MR. SEVERANCE: Oh, yes, I am quite sure you have.

By MR. DICKINSON:

Q. What I asked you about was this: You were asked about percentages of the business of the country that was transacted in certain lines by the American Steel & Wire

Company in 1900, and you gave certain percentages. Do you recall that?

A. Yes, sir.

Q. What I am asking is whether or not those percentages were based upon the facts set forth in this Exhibit 46.

A. No, sir.

Q. They were entirely independent of this Exhibit 46?

A. Yes.

Q. I have asked you as to certain percentages produced by the American Steel & Wire Company, and also by all other producers in the United States for the domestic trade in the year 1900 and other years; do you recall that?

A. Yes.

Q. You could not give the tonnage, or anything approximating it?

A. No, I could not, and would not attempt to.

Q. Without knowing the tonnages, how can you give the percentage?

A. Well, from general knowledge of the trade and the number of concerns which were in the business about the time the Corporation was formed, and those that are in the business today, and the character of their product.

Q. But can you give a percentage that is even approximately accurate of a thing, without you know what the whole thing is, and then what part that percentage represents?

A. By taking a list of the companies that were in the business—you are speaking of the wire business?

Q. Yes.

A. And a list of the companies that are existing today, we could pretty well do it.

Q. Where would you get those percentages?

A. By taking and estimating the output of the company and figuring it up.

Q. And of all the other companies?

A. Yes.

Q. You would have to have them?

A. Yes, sir.

Q. Then you would have to have the American Steel & Wire Company?

A. Approximately.

Q. Then you would also have to have the amount sold in domestic trade by these other companies, would you not?

A. Yes.

Q. And the amount sold in foreign trade?

A. Yes.

Q. Did you have any figures showing that?

A. No.

Q. Were these estimates that you gave based upon figures or were they just mere guesses?

A. No, they were not guesses; they were based upon an estimate that I made myself from a considerable amount of data which I collected.

Q. Let us take wire, bright and annealed.

MR. SEVERANCE: What page is that?

MR. DICKINSON: 7218, I believe.

By MR. DICKINSON:

Q. You were asked, were you not, for the year 1900, what percentage the American Steel & Wire Company produced of the total business of the country for that year, of all producers?

A. I was.

Q. Did you mean merely domestic or domestic and foreign.

A. Just the domestic.

Q. Just domestic. Do you know what amount of the product of each of the producers of that kind of wire in the year 1910 was made by the several companies not in the United States Steel Corporation?

A. I had a list of all those companies.

Q. What?

A. I prepared a list of all those companies.

Q. Giving the products of each?

A. About their estimated capacities and products.

Q. For the year 1900?

A. I think so. If I could refer to my papers of course I could——

Q. Where did you get that?

A. Sir?

Q. Did you get it from Swank's statistics?

A. No.

Q. Where did you get it?

A. I got it from various sources.

Q. Have you that paper?

A. Yes.

Q. Will you produce it, please?

A. I think so. I can get that together after recess. Some of it is down stairs.

Q. Very well, we will do something else, then. Did this list show the amounts sold by each of those companies in domestic and the amount sold in foreign trade?

A. No.

Q. If it did not show the amount sold in domestic trade how could you get a percentage, taking that list as a basis, of what the American Steel & Wire Company did that year in the domestic trade?

A. Of course I had a lot of figures before me.

Q. What figures did you have to give that information?

A. The figures were largely compiled from different sources; some figures I got from different people with the American Steel & Wire Company.

Q. Yes, but did those figures show the amounts sold by each of those companies outside of the Steel Corporation in domestic business and the amount sold in foreign business?

A. No. They did not. They showed their estimated capacity.

Q. What?

A. Their estimated capacity.

Q. Who estimated it?

A. Various people in the business.

Q. Did you estimate it?

A. No, sir.

Q. Then, so far as that is concerned, you took somebody else's estimate?

A. I did.

MR. DICKINSON: Then I except to Mr. Farrell's testimony as to the percentage of domestic business done by the American Steel & Wire Company in wire, bright and annealed, for the year 1901, on the ground that it is hearsay and secondary, and the essential feature of it is based upon estimates made by others.

By Mr. Dickinson:

Q. You did not see the figures on which they made their estimates?

A. No.

Q. To the same questions would the same answers be given in regard to the estimates we have just been talking about in regard to wire, galvanized, tinned, coppered, and lacquer finished?

A. Yes.

Q. The same in regard to cold rolled wire?

A. Yes.

Mr. Dickinson: Then we except to the estimates given by Mr. Farrell, for the same reason as stated above.

By Mr. Dickinson:

Q. Were any of these estimates that were given by you of the comparative amount of business done by the American Steel & Wire Company in domestic trade for the years 1900 and 1911 based entirely upon data prepared by you or examined by you?

A. No, sir.

Q. Then in all of these estimates which you gave there is involved the element of estimates which you took from others based upon data which you did not have before you?

A. Substantially.

Mr. Dickinson: Then we except to all of Mr. Farrell's testimony given in respect to these estimates as being based upon secondary evidence and an essential element of the result being derived from information given by others and from original sources which he did not examine.

Q. Please look at the first column of Exhibit 46, under the heading, "net tons", and state whether the aggregates given there for the seven articles represent the shipments of the American Steel & Wire Company merely in domestic trade or both in domestic and export trade?

A. I would like to see it again.

Q. Here it is (handing paper to witness).

A. I should say that was their total shipments.

Q. Both domestic and foreign?

A. Yes.

Q. Would you say the same as to the column for the year 1911, under the head "net tons"?

A. Yes, sir.

Q. How did you get your information in regard to this tonnage, Mr. Farrell?

A. From the Comptroller's office; from the office of Mr. Filbert.

Q. And not from your own investigations or calculations?

A. No. I am familiar with the business, of course. He compiled the figures.

MR. DICKINSON: In addition to the foregoing exception to Defendants' Exhibit 46, an additional exception is entered to the information given and testified to by Mr. Farrell in respect of the columns above referred to, as being secondary and hearsay, and incompetent.

(Whereupon a recess was taken until 2 o'clock p. m.)

AFTER RECESS.

JAMES A. FARRELL,

the witness under examination at the taking of recess, resumed the stand.

CROSS EXAMINATION (Continued):

By MR. DICKINSON:

Q. Mr. Farrell, I show you the "Statistics of the American and Foreign Iron Trade for 1899," Defendants' Exhibit No. 17.

MR. SEVERANCE: What book is that?

MR. DICKINSON: It is for 1899; the volume for 1900.

MR. SEVERANCE: What exhibit is it?

MR. DICKINSON: It is Defendants' Exhibit No. 17.

MR. SEVERANCE: It has not been printed?

MR. DICKINSON: No.

MR. COLTON: Under an arrangement that such parts

should be printed as either side should call for. We are going to get Mr. Farrell to read it in, because we have not got it in before.

By Mr. Dickinson:

Q. I will ask you, Mr. Farrell, to turn to pages 38 and 39 of this Defendants' Exhibit No. 17, and just read into the record, so that the stenographer can take it down, the introduction at the bottom of page 38 and the top of page 39, and the table on page 39.

A. I read first from the bottom of page 38 of the "Statistics of the American and Foreign Iron Trade for 1899":

"Exports of Iron and Steel.

"We are indebted to the Bureau of Statistics of the Treasury Department for the quantities and values of our exports of iron and steel in the calendar years 1898 and 1899 as follows. These statistics are given by the Bureau with more than usual fullness:

Articles—Gross tons	1898		1899	
	Quantities	Values	Quantities	Values
Pig iron: ferro-mang. Gross tons	3,700	$155,299	13	$816
Pig iron: all other, Gross tons	249,357	2,547,252	228,665	3,281,825
Scrap and old, Gross tons	73,845	771,690	76,633	952,422
Bar iron, Gross tons.	7,074	241,499	10,603	407,161
Steel bars or rods, other than wire rods, Gross tons...	24,806	676,113	30,724	1,038,336
Steel wire rods, Gross tons	18,510	390,144	16,992	524,466
Iron rails, Gross tons.	8,311	101,109	6,442	96,135
Steel rails, Gross tons.	293,592	5,838,464	271,272	6,122,382
Billets, ingots, and blooms, Gross tons.	28,600	544,771	25,487	533,241
Hoop, band, and scroll, Gross tons	1,593	58,731	2,869	117,002

Articles—Gross tons	1898 Quantities	1898 Values	1899 Quantities	1899 Values
Iron sheets and plates, Gross tons	4,466	204,170	6,196	356,791
Steel sheets and plates, Gross tons	27,075	787,245	50,635	1,690,490
Tin plates and terne plates, Gross tons	46	5,510	133	14,279
Structural iron and steel, Gross tons	34,038	1,255,451	54,344	2,059,289
Wire, Gross tons	74,666	3,036,818	116,317	5,526,930
Cut nails and spikes, Gross tons	15,735	641,779	9,974	482,882
Wire nails and spikes, Gross tons	13,714	574,909	33,517	1,667,976
All other, including tacks, Gross tons	2,094	264,390	2,076	289,797
Car-wheels .....No.	21,721	124,069	26,924	163,323
Castings, not elsewhere specified	.....	780,830	.....	1,348,133
Cutlery	.....	172,982	.....	252,156
Fire-arms	.....	641,005	.....	892,620
Locks, hinges, and other h'dware	.....	4,308,799	.....	5,464,913
Saws	.....	232,095	.....	231,837
Tools, not elsewhere specified	.....	2,404,327	.....	3,246,780
Electrical machinery	.....	2,523,644	.....	3,145,838
Metal-working machinery	.....	5,741,750	.....	6,840,924
Printing presses, and parts of	.....	843,688	.....	1,037,644
Pumps and pumping machinery	.....	2,300,811	.....	3,016,645
Sewing machines	.....	3,062,471	.....	4,103,828
Shoemaking machinery	.....	939,671	.....	961,736
Fire engines .....No.	7	6,588	4	21,848
Locomotive engines, No.	576	5,190,782	484	4,767,850

Articles—Gross tons	1898 Quantities	1898 Values	1899 Quantities	1899 Values
Stationary engines, No.	522	352,668	872	494,939
Parts of engines and boilers	.....	1,145,508	.....	1,439,263
Typew'g machines, and parts of	.....	2,077,250	.....	2,776,363
All other machinery	.....	16,413,893	.....	19,721,191
Pipes and fittings	.....	4,595,451	.....	6,763,396
Safes .....No.	1,542	106,085	2,766	164,710
Scales and balances	.....	328,940	.....	487,113
Stoves, ranges, and parts of	.....	449,007	.....	524,324
All other manufactures	.....	9,933,992	.....	12,659,383
Total	.....	$82,771,550	.....	$105,689,077
Agricult. implements, additional	.....	$9,073,384	.....	$13,594,524
Iron ore, Gross tons	31,579	67,548	40,665	76,287

By Mr. Dickinson:

Q. Now I hand you this Defendants' Exhibit No. 17 and ask you what years the table covers.

A. 1898 and 1899.

Q. Can you give, of your general knowledge of the iron and steel trade and business conditions, the amount of exports in pig iron, ferro-manganese and pig iron taken altogether, for the year 1896?

A. No, sir.

Q. Could you for the year 1897?

A. No, sir.

Q. Could you say, Mr. Farrell, whether for either or both of those years the amount was greater or less than it was for 1898?

A. I should say that it was greater.

Q. Greater when?

A. In those years—in 1898 and 1899.

Q. You say it was greater in 1898 and 1899?

A. That is my recollection.

Q. Greater than it was for 1896 or 1897?

A. Yes.

Q. How would you compare 1897 and 1896, from your knowledge?

A. I have no recollection of them.

Q. Take steel bars or rods, other than wire rods. Can you state, independent of Swank's statistics, from your general knowledge of the trade and business, whether 1896 exceeded or was less than 1897?

A. I do not recall.

Q. You have no recollection or knowledge in regard to that?

A. No, sir.

Q. What would you say as to the comparative quantities exported for the articles just named in 1898 as compared with 1896 or 1897?

A. I have no knowledge of that.

Q. Would you give the same answer in regard to 1899?

A. Yes, sir.

Q. If I should repeat those questions, Mr. Farrell, comparing the quantities for those several years, and making them applicable to steel rails, billets, ingots, blooms, hoop, band and scroll, steel sheets and plate, structural iron and steel and wire, what would you say as to them, respectively?

A. I would make the same answer.

Q. If I should ask you for the same comparisons for the same commodities as between the years 1899 and 1900, would your answer be the same?

A. Yes.

Q. And the same as between 1900 and 1901?

A. Yes; the same answers.

Q. And the same as between 1901 and 1899?

A. Yes.

Q. Taking for the several products named the years 1900 and 1901, can you give from your general knowledge of the business of the trade an approximation of the quantities of each of these several articles or any of them which were exported during those several years, respectively?

A. I would not attempt to carry the mass of figures in my mind.

Q. And you would not attempt to state even an approximate figure?

A. No, sir.

MR. DICKINSON: Now we offer in evidence page 35 of the statistics of the American Iron & Steel Trade of 1898, for 1896 and 1897, beginning with the words "Exports of iron and steel," and going through the table on that page, and I ask Mr. Farrell to read it.

(The extract referred to, so offered in evidence, was marked "Government Exhibit No. 427," and will be found in the volume of exhibits.)

THE WITNESS: I read from page 35 of Government Exhibit 427 as follows:

EXPORTS OF IRON AND STEEL.

We are indebted to the Bureau of Statistics of the Treasury Department for the quantities and values of our exports of iron and steel in the calendar years 1896 and 1897, as follows:

	1896		1897	
	Quantities	Values	Quantities	Values
Pig iron all kinds, Gross tons	62,071	$ 943,022	262,686	$3,269,010
Bar iron, Gross tons	3,505	168,680	4,493	150,897
Band,hoop,scroll,iron, Gross tons	268	12,303	1,424	44,754
Steel bars, rods, etc. Gross tons	8,855	281,569	39,167	1,066,083
Cut nails and spikes, Gross tons	10,584	458,758	15,077	670,709
Wire nails, tacks, etc. Gross tons	4,270	362,291	8,960	550,654
Iron plates and sheets Gross tons	770	48,905	4,045	175,799
Steel plates and sheets Gross tons	1,850	96,568	5,074	173,567

Iron rails, Gross tons	628	18,581	5,413	95,520
Steel rails, "	72,503	1,712,716	142,808	2,949,901
Wire, "	38,043	1,788,095	53,075	2,353,829
Car-wheels, No.	15,644	103,607	21,973	136,852
Fire engines "	5	15,290	3	1,169
Locomotives "	312	2,980,278	348	3,055,842
Stationary engines "	316	265,882	546	359,698
Castings, not elsewhere specified		952,382		862,208
Cutlery		187,805		164,250
Fire-arms		733,663		661,366
Builders' hardware		3,787,680		4,027,757
Machinery		18,311,726		22,122,888
Printing presses, and parts of		530,658		743,221
Saws and tools		2,352,572		2,377,325
Scales and balances		377,466		368,831
Sewing machines, and parts of		3,051,168		3,193,136
Boilers and parts of engines		614,788		695,267
Stoves, and parts of		304,123		360,847
Other iron and steel manufactures		8,209,642		12,105,870
Total		$48,670,218		$62,737,250
Agricult. implements, additional		$ 4,643,729		$ 5,302,807

Q. You have that before you?

A. Yes.

Q. I would like also to have you have before you the volume for 1899, and for 1898, which is page 39?

A. Yes.

Q. Do the tables shown you show the exports of pig iron, ferro-manganese, pig iron; all other in gross tons, exported, for the years 1897, 1898 and 1899? I ask first if it shows them, and then I will ask you further about them.

A. Well, the description is different in each year, because the description is different in 1897 from the description in 1899.

Q. Take pig iron, ferro-manganese; do the tables show the comparative quantities exported as to that product for the years 1898 and 1899?

A. Yes; it shows two items.

Q. What was the quantity exported in 1898?

MR. SEVERANCE: Which are you speaking of—ferro-manganese?

MR. COLTON: Both.

THE WITNESS: The quantity of ferro-manganese or the quantity of pig iron?

By MR. DICKINSON:

Q. I thought you said pig iron, ferro-manganese were together.

A. They are two separate items here.

Q. Are they shown there separately or together?

A. Separately.

Q. Give me pig iron for the year 1897, exported, under the heading of pig iron and all other?

A. 250,501 tons.

MR. SEVERANCE: That does not tally with my book here.

THE WITNESS: I have four books here.

MR. DICKINSON: 257,501.

THE WITNESS: I do not know which is which here.

MR. SEVERANCE: This book which I have shows pig iron, all kinds, in 1907, 262,686.

MR. DICKINSON: Mine shows 257,501.

THE WITNESS: What book are you looking at?

MR. DICKINSON: I am looking at a copy from the books.

MR. SEVERANCE: I would like to have you explain your data from which your table was made up.

MR. DICKINSON: This is just my data here.

By MR. DICKINSON:

Q. Is there anything there which shows the two kinds of pig iron exported for 1898?

A. There are two items here, yes.

Q. What is the aggregate of them?

MR. SEVERANCE: Do you mean to add ferro-manganese in?

MR. DICKINSON: Yes, the two items there that he speaks of.

By MR. DICKINSON:

Q. Are they separate or together?

A. Separate.

Q. Give them, then, separately.

A. Pig iron, ferro-manganese, 3,700 tons; pig iron, all other kinds, 249,357 tons.

Q. That is for 1898?

A. Yes.

Q. Now, for 1899 what were they?

A. Thirteen tons of pig iron, ferro-manganese, and pig iron, all other kinds, 228,665.

Q. Look for the year 1900, and see what they were.

MR. SEVERANCE: I do not see any quotation of that kind. What page is that?

By MR. DICKINSON:

Q. That is the pig iron?

MR. COLTON: Page 22 of the book for 1902.

By MR. DICKINSON:

Q. What is the pig iron for that year, Mr. Farrell?

A. 1899?

Q. No, for 1900.

A. 286,687 tons.

Q. That is both together, is it not?

A. Well, it just says pig iron; I do not know, these statistics seem to be rather——

MR. SEVERANCE: He is merely reading from Swank's statistics, subject to any objection that may properly lie to them as to their competency.

By MR. DICKINSON:

Q. What is it for 1901?

A. 81,211 tons.

Q. And for 1902?

A. 27,487 tons.

Q. Then, for 1900, the year before the Corporation was formed, the export in that article was 286,655 tons, was it?

A. No, 286,687 tons.

Q. And for the first year of the formation of the Corporation it was 81,211?

A. Yes.

Q. And for the second year it went down to 27,487, is that correct?

A. Well, the figure was 27,487.

Q. Yes; I thought I said that.

A. You said it went down.

Q. Well, that is down, is it not, from 81,000?

A. They might have been exporting something else made from pig iron.

Q. And according to Swank's statistics, contrasting those figures for that year, it did go down, did it not?

A. Yes.

MR. SEVERANCE: Objected to as immaterial, because the testimony shows that the Corporation was not a seller, in those days, of pig iron, or an exporter.

By MR. DICKINSON:

Q. I will get something that it was exporting. Now come down to steel bars or rods other than wire rods.

MR. COLTON: It is given, bars or rods of steel, not wire rods.

MR. DICKINSON: Well, bars or rods other than wire rods.

MR. COLTON: Yes.

MR. SEVERANCE: Is that the way it is printed?

MR. COLTON: Page 22.

THE WITNESS: Page 22 of the 1902 statistics.

By MR. DICKINSON:

Q. Which one have you got?

A. Page 22.

Q. Of what statistics?

A. 1902.

Q. That includes what years?

A. 1899, 1900, 1901 and 1902.

Q. Now take 1899; what was the quantity of exports?

A. Bars or rods of steel, not wire rods?

Q. Yes.

A. 1899, 30,429.

Q. What was it in 1900?

A. 81,366 tons.

Q. That was the year before the Corporation was formed?

A. Yes.

Q. Now what was it for the next year that the Corporation was formed?

A. 27,397 tons.

Q. And what was it for 1902?

A. 9,300 tons.

Q. Come down to steel rails; take the same years and give the quantity exported.

A. 1899?

Q. Yes.

A. 271,272 tons.

Q. 1900?

A. 356,245 tons.

Q. 1901?

A. 318,055 tons.

Q. And for 1902?

A. 67,455 tons.

Q. Now take billets, ingots and blooms for the same years, beginning with 1899?

A. 1899, 25,487 tons.

Q. 1900?

A. 107,385 tons.

Q. 1901?

A. 28,614 tons.

Q. 1902?

A. 2,409 tons.

Q. Now hoop, band and scroll, for the same years?

A. 1899, 2,869 tons.

Q. 1900?

A. 2,976 tons.

Q. 1901?

A. 1,561 tons.

Q. 1902?

A. 1,674 tons.

Q. Take steel sheets and plates for the same years.

A. 1899, 50,635 tons.

Q. Go on, for 1900?
A. 45,534 tons.
Q. 1901?
A. 23,923 tons.
Q. 1902?
A. 14,866 tons.
Q. Come down to structural iron and steel for 1899?
A. 1899, 54,244 tons.
Q. 1900?
A. 67,714 tons.
Q. 1901?
A. 54,005 tons.
Q. 1902?
A. 53,859 tons.
Q. Take wire for 1899?
A. 116,317 tons.
Q. 1900?
A. 78,114 tons.
Q. 1901?
A. 88,238 tons.
Q. And 1902?
A. 97,843 tons.
Q. Does that table include all of the leading products of iron and steel for those years?
A. Yes; the leading articles.
Q. Now give me the total in all of the leading articles you say are set out in that table, exported for the year 1899?
A. 942,689 tons.
Q. And for 1900?
A. 1,154,284 tons.
Q. For 1901?
A. 700,857 tons.
Q. For 1902?
A. 370,805 tons.
Q. In 1893, I believe, Mr. Farrell, you stated you became the general manager of the Pittsburgh Wire Company?
A. Yes.
Q. You testified on page 6983, as follows:
"Q. Have you not at all times since you became the selling agent of the Pittsburgh Wire Company, many years ago,

been in constant touch with the market for iron and steel products throughout this country and during most of that time throughout the world?"

Now, that would go back anterior to 1893, would it not, from the time you became the selling agent of the Pittsburgh Wire Company?

A. From about 1893.

Q. So that from 1893 in your judgment you have been in constant touch with the market for iron and steel products throughout this country and during most of that time throughout the world?

A. Is that my answer?

Q. The answer is, "I have always kept in touch with the market, both here and abroad, because it was necessary to have a knowledge of the conditions here as well as the conditions abroad, in order to intelligently operate in the foreign business."

Now turn to Government Exhibits, Volume V, part 1, page 1622. Can you state from your general knowledge acquired in the way indicated in your last answer what was the trend of the market for Bessemer Steel rails as compared between the last four months of 1895 and the year 1896?

A. I would not attempt to recall the figures or the dates.

Q. Without recalling any exact figures for any particular period would you attempt to say, in comparing those periods, as to what the trend of the market was, whether it was up or whether it was down, or what?

A. No.

Q. How about comparing 1895 to 1897?

A. No.

Q. How about comparing 1895 with any of the subsequent years down to and including 1900?

A. No.

Q. Comparing 1896 with 1895, and severally with the subsequent years down to and including 1900?

A. No.

Q. The same question as to 1897?

A. No.

Q. The same as to 1898?

A. No.

Q. And the same as to 1899?

A. No.

Q. If I should ask you, Mr. Farrell, the same questions for the same comparisons of periods in respect of steel beams, would your answers be the same?

A. The same replies.

Q. And the same as to tank plates?

A. The same.

Q. And the same as to steel bars?

A. The same.

Q. And the same as to black sheets?

A. Yes.

Q. And the same as to plain wire?

A. Yes.

Q. And the same as to wire nails?

A. Yes, sir.

Q. And the same as to ore?

A. The same.

Q. The various kinds of ore?

A. Yes.

Q. The same as to tin plates?

A. The same.

Q. Mr. Farrell, can you give us any figures that are substantially correct as to the range of prices in any of those products prior to the time of the formation of the Corporation?

A. I have no recollection on the subject.

Q. Can you give, from your general knowledge, any information?

A. I have no recollection.

Q. In tons, what were the requirements for steel of the International Harvester Company for the year 1899?

A. I do not recall.

Q. State what were the requirements of the International Harvester Company for the year 1903 in tonnage in steel?

A. It was understood in the trade that the requirements of the International Harvester Company were about 150,000 tons a year.

Q. Do you know when the International Harvester Company was formed?

A. 1902.

Q. What were the requirements in steel in tonnage of that company for 1902?

A. I cannot state definitely, but it was generally understood in the trade that they were using about 150,000 tons a year. I do not recall whether we had a good crop that year or a bad crop; but if they had a good crop, they would use more than if the times were bad.

Q. Take 1905: What were their requirements in tonnage?

A. About the same.

Q. What would you say as to 1906, 1907 and 1908?

A. I would say that they were about the same; because about that time they built a rolling mill and rolled a great deal of their own material,—the Wisconsin Steel Company.

Q. About what time did they build their rolling mill?

A. I could not say definitely. It was within that period.

Q. You mean what period? I do not want to mislead you.

A. Between 1902 and 1909.

Q. Can you not give it any nearer than that?

A. No.

Q. You cannot give it any nearer?

A. No; I would not attempt to. I could probably give you the exact date, but I do not want to be too specific.

Q. Somewhere between 1902 and 1909 they built their own mill?

A. They built a steel works.

Q. What proportion of their steel did they make after that that they consumed?

A. I have no recollection. Their business constantly increased, and they bought about the same in the open market all the time, and produced their own surplus.

Q. Then, not knowing when they built that mill, can you give, for any particular year prior to 1909, the amount of tonnage in steel that that company required?

A. I would not attempt to do it.

Q. Or the amount that they got for any particular year, from outside sources?

A. No. You see it depends a good deal upon the elasticity of their own production.

Q. Do you know what other producers of steel in the

United States sold to the Harvester Company other than the subsidiaries of the Steel Corporation?

A. Yes.

Q. State what they were?

A. Jones & Laughlin and the Republic Iron & Steel Company.

Q. Those two.

A. Yes.

Q. Any others.

A. Jones & Laughlin generally got the business; we do not generally get very much business from the Harvester Company.

Q. Do you know the amount that Jones & Laughlin and the Republic Iron & Steel Company sold to the Harvester Company in any one of the years?

A. No, sir; I do not.

Q. Now, which of the subsidiaries of the United States Steel Corporation sold steel to the Harvester Company, for any of the years from the time of its formation down to 1909, inclusive?

A. The Illinois Steel Company sold about 58,000 tons during that period, and the Carnegie Steel Company about 25,000 or 26,000 tons, approximately in that period. In that period we sold them about 80,000 tons, at the same time they sold about 870,000 tons to the Harvester Company's competitors.

Q. Who sold to them?

A. Our subsidiaries sold to the competitors of the Harvester Company about that tonnage in that same period that we sold about 80,000 tons to the Harvester Company.

Q. Which of the subsidiaries did that?

A. The Illinois Steel Company and the Carnegie Steel Company. They sold these eastern firms like the Adriance Platt Company at Poughkeepsie and a concern at Hoosac Falls.

Q. That is part of the Harvester Company?

A. No.

Q. I want to know which of the subsidiaries of the United States Steel Corporation sold steel to the Harvester Company during the period we have talked about. That is, from 1901 down to 1909, inclusive?

MR. SEVERANCE: He has answered that, Judge.

MR. DICKINSON: I don't know whether he has. If he has, I have forgotten it.

By MR. DICKINSON:

Q. Which were they?

A. The Illinois Steel Company sold about 58,000 tons.

MR. SEVERANCE: He did not ask you for the amounts, just the names.

THE WITNESS: The Illinois Steel Company and the Carnegie Company.

By MR. DICKINSON:

Q. And no other subsidiaries sold them steel?

A. The American Steel & Wire Company sold them wire for making springs, bottom springs, and springs of various kinds.

Q. Did any others of the subsidiaries sell them steel?

A. The American Sheet and Tin Plate Company sold them steel for making harvester bottom plates, close annealed.

Q. When you gave the total tonnage of steel sold to them, did you include the total tonnage of steel sold by all of these subsidiaries?

A. No, sir.

Q. What did you include?

A. I included the products sold by the Illinois Steel Company and the Carnegie Steel Company.

(Thereupon an adjournment was taken until Monday, May 26th, 1913, at 10:30 o'clock a. m.)

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1[redacted] 1[redacted] 1919

No. [redacted] 1[redacted]6

THE UNITED STATES OF AMERICA, APPELLANT,

vs.

UNITED STATES STEEL CORPORATION ET AL.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF NEW JERSEY.

VOLUME 12.

DEFENDANTS' TESTIMONY.

FILED MAY 12, 1916.

VOLUME XII.

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SIXTY-THIRD DAY.

Empire Building,
71 Broadway, New York City.

MONDAY, May 26, 1913.

Before Special Examiner John Arthur Brown.

Present on behalf of the United States, Mr. Dickinson and Mr. Colton.

Present on behalf of the Defendants, Mr. Lindabury, Mr. Severance, and Mr. Bolling.

JAMES A. FARRELL

the witness under examination at the taking of the adjournment, resumed the stand.

CROSS EXAMINATION (Continued).

By MR. DICKINSON:

Q. Mr. Farrell, will you please define light structural material in the way in which it is usually understood in the trade and the way in which you have used that term?

A. Light structural material is material that is rolled on a bar mill; that is, with changeable rolls, and might be described, perhaps, as a three-inch angle as compared to a nine-inch; or an eight-inch beam as compared with a twenty-four inch beam.

Q. The expression "structural" has been used?

A. Yes.

Q. Does that mean something different from light structural?

A. No; it is a shape. "Structural" might include a large or a small shape. It would all be structural material.

Q. It would all be structural material; but I notice some concerns you speak of were making structural and some were making light structural.

A. For instance, a man might be manufacturing elevator

bars, or might be manufacturing car frames, and that would be called structural material, but not in the sense in which we would employ it in connection with material going into a building.

Q. Do you mean to say that in the building you use some light and some heavy?

A. Mostly heavy.

Q. Are those who are classed as makers of light structural, as contradistinguished from what you have spoken of as structural, in a position to put up these large buildings?

A. It is an evolution. A great many of them started in the light structural business.

Q. I know; but those who, as of any particular period, were put down as makers of light structural, as of that time: Are they the class of people who undertake these large buildings or large railroad bridges?

A. Not as a rule.

Q. So it would indicate those engaged in a different class of work?

A. Yes; there are different classes.

Q. Can you state for any year, or for the entire period between 1901 and October 26, 1911, approximately what portion of the American Bridge Company's business was structural in the sense that we have just used the term?

A. What proportion of it?

MR. SEVERANCE: You mean what proportion was not light structural?

MR. DICKINSON: Yes; as contradistinguished from light structural.

THE WITNESS: It would be pretty difficult, Judge, because they manufacture a large variety of material for a great many purposes. They manufacture barges, they manufacture transmission towers, which would be made of light structural stuff. Of course their principal business is building bridges and buildings, but they are engaged in the manufacture of a great variety of material.

Q. Can you state, for either one of those years, what portion of its business was structural in the sense you have given it?

A. I would not attempt to state.

Q. Would the term "structural" in the sense you have given it include railroad bridges, large buildings and other structures requiring heavy structural material as well as large tonnages?

A. There would be some relation, but not necessarily one that you could very aptly define.

Q. If you were going to characterize "structural material," as contradistinguished from the term "light structural," what would you say, generally, would be embraced under the term "structural" in the way of work?

A. It would be rather difficult, Judge. You might just as well attempt to define what "wire" means, or what a sheet means.

Q. It would include railroad bridges, would it not?

A. Oh, it would include railroad bridges, yes.

Q. It would include these large buildings?

A. Yes.

Q. Will you define the term "heavy structural?"

A. "Heavy structural?" We would call the Hell Gate bridge a heavy structural work.

Q. Give other examples.

A. The Woolworth Building, or the emergency gates on the Panama Canal, or the dry dock at Pearl Harbor.

Q. Would all large railroad bridges and these large buildings, of the general character of the Woolworth Building, come under the head of "heavy structural?"

A. Yes.

Q. Can you state, Mr. Farrell, what was the proportion of that character of work done by the American Bridge Company, as compared with all the work of that character done in the United States for the year 1910?

A. No, sir.

Q. Or 1909?

A. No, sir.

Q. Or 1908?

A. No, sir.

Q. Could you approximate it?

A. I would not attempt to.

Q. Can you state for any year, or for the entire period

between 1901 and October 26, 1911, accurately or approximately, what proportion of the American Bridge Company's business was ornamental iron and ornamental steel work?

A. Considerable of it; but I would not attempt to state. I have no definite recollection.

Q. Could you give any approximation as to tonnage for any of those periods?

A. I would not attempt to state it approximately.

Q. Will you define ornamental iron work, in the sense you used that term in your deposition, when you spoke of certain producers producing ornamental iron work. State what you mean by that.

A. Ornamental iron work is a rather ambiguous term. An ornamental iron worker might be engaged in manufacturing railing, or the manufacture of elevator gates, and another man might be engaged in manufacturing bank railing, and another man might be engaged in the manufacture of a great number of these.

Q. Generally speaking, what is ornamental iron work?

A. Well, the term "ornamental iron work" is rather a misnomer. Of course there is more or less symmetry to a great deal of the work, such as bank railing and fancy elevator gates, or an elevator cage. That is all ornamental iron work. There are a great many concerns like the Heela Iron Works in Brooklyn, who manufacture ornamental iron work.

Q. During what period did the American Bridge Company fabricate to any considerable extent light highway bridges? Give the years.

A. They have always made highway bridges.

Q. Have they not, within a comparatively recent period—

A. Oh, no.

Q. (Continuing)—ceased to a large extent to manufacture them?

A. No, they seek as much of that business as they are able to obtain. That has been my information.

Q. I am speaking now of your personal knowledge of the business. Do you know of yourself at what period they made these different classes of work that we have referred to, or are you just giving information derived from others?

A. No, I know where their plants are located. I have a general knowledge of their business.

Q. In 1910, can you say whether they were generally engaged in that?

A. They had plants engaged in the building of highway bridges.

Q. In what parts of the country were those plants building those bridges?

A. They could be made in any of their plants.

Q. No, but where were they selling them, or puting them up, I mean?

A. My information is that they were selling them and putting them up all over the country.

Q. In the United States?

A. Yes, and abroad.

Q. You say that is your information?

A. Yes.

Q. Have you any knowledge of that yourself?

A. Well, I have repeatedly stated, in connection with a great many of these questions that you ask me, that I have a general knowledge of the business, and of course I derive some of my information from other people.

Q. I am asking you whether you have any distinct recollection as to facts which you knew at the time, derived from your personal observation of the things being done and that you knew were being done and in respect of what sections of the country, in any one of those years, these concerns that you have referred to as making light highway bridges were making them and selling them all over the United States, and not information you got from others.

(By request of counsel, the question was repeated by the stenographer.)

Mr. Dickinson: Do you care to have the question read again?

The Witness: No, I think not. I am familiar with the fact that the American Bridge Company have a great number of plants. Their products are sold by their various agents throughout the country. The gentleman in charge of that business is a man whom I see a great deal of, and his business is discussed with us, just as in the different companies we have been in the habit of discussing our business with our different colleagues in the Steel Corporation; and I

know they have plants at Trenton, and Elmira, where work of that character is made, and a plant in Brooklyn, and one at Edgemoor, Delaware, and the Pencoyd plant at Philadelphia; and Toledo is a plant that makes a great deal of that.

Q. Do you know the period antedating the date that you became president of the United States Steel Corporation? Do you know of your own knowledge of any such structural work in any of the years preceding that time, back to the formation of the Steel Corporation?

A. Highway bridges?

Q. Yes.

A. I have frequently heard Mr. Hatfield, president of that company, talk about various work that they did in different localities.

Q. So that what you know in regard to that would be based on his statements?

A. I am trying to recall some particular bridges that I have seen, erected with the American Bridge Company's name plate on the bridge, a highway bridge. That may come to me a little later.

Q. Do you know the years?

A. I could not tell you where they were made; they must have been made, because they were erected.

Q. Do you know of your own knowledge of any light highway bridges made by the American Bridge Company and put up in 1910, and if so, where they were put up?

A. I do not recall offhand.

Q. How about 1909?

A. The same answer.

Q. 1908?

A. The same.

Q. Is not your information in regard to what the American Bridge Company did prior to the time of your accession to the presidency, based upon information derived from others?

A. No, sir; I do not consider it so.

Q. Just tell what part of it is based upon your own knowledge of events, acquired at the time those events took place, that you now recall from your memory as having taken place.

A. I have knowledge of the fact that the American Bridge

Company has various plants in which they have always manufactured highway bridges. Some of those plants are adjacent to some of our wire mills, and I have visited their plants and have seen these light highway bridges being constructed in their plants.

Q. Do you know where they were put up, of your own knowledge?

A. No; I had nothing to do with the erection force.

Q. Can you give from your own knowledge any information in regard to where, before the time you became president of the Steel Corporation, they erected these highway bridges, and what percentage it was for any year of the whole work of that character done by their competitors, or the competitors of the Corporation?

A. I do not wish to be prolix, as you term it.

Q. I do not think I used that word.

A. Or make protracted replies, but I can not answer that question any differently from the manner in which I have answered it.

Q. I do not think I have criticised your answers as either prolix or protracted.

A. I did not mean it in that sense.

Q. I certainly never intended to indulge in any criticism of your replies.

Can you state of your own knowledge and not based on information derived from others if the light highway bridge work of the American Bridge Company, prior to the time you became president of the United States Steel Corporation, and for any period prior to that time, constituted any considerable percentage of the whole tonnage of the output of that company for the respective years, and if so what percentage?

A. I could not give any definite percentage. I would not attempt to.

Q. Could you approximate it?

A. I would not attempt to approximate it.

Q. Those concerns that were engaged in light structural work only—there were such concerns, I understand you?

A. Small shops.

Q. Did they have the necessary machinery to fabricate structural work such as you have defined and termed structural work to be in this examination?

A. There are about 360 or 370 concerns in the country that are manufacturing what we call structural work, but some of them, concerns like McClintic-Marshall, Jones & Laughlin, the Lackawanna Bridge Company and those large concerns, make a specialty of buildings and railroad bridges; for example the King Bridge Company of Cleveland are entirely in that line of heavy railroad work. That same is true of the Chicago Bridge & Iron Company. There are other classes of manufacturers who build roof trusses; and then there are a lot of people who simply buy beams and punch them and rivet them and sell them for store fronts; you might go along the street and see a man changing a store front and—

Q. With that explanation I will put this question to you——

MR. SEVERANCE: Had you finished your answer?

THE WITNESS: Yes.

By MR. DICKINSON:

Q. Are those who are engaged in light structural work only in a position to fabricate structural work for heavy highway bridges or railroad bridges or large structural buildings?

A. They might not be able to do it one year and the next year they might. Here is a striking example, in the construction of the building next door. The Adams Express Company building is being erected by A. E. Norton & Company, who started with a very small plant at Boonton, New Jersey, and now they take large contracts.

Q. But that has grown out of that class of light structural work?

A. Yes.

Q. Now I am asking you about those who have not grown out of that class, whether still being in that class they were in a position to do that kind of work?

A. Oh, no.

Q. They were not competitors, then in that class of work?

A. Not in that class but in other classes.

Q. Can you state for any year from the formation of the United States Steel Corporation down to the time you be-

came president of the United States Steel Corporation what proportion of structural work as contradistinguished from light structural, I mean such structural work as large buildings and railroad bridges, and large highway bridges, was done by the competitors of the United States Steel Corporation; if so, give the percentage for the several years.

MR. SEVERANCE: He has already answered that question, Judge.

MR. DICKINSON: Well, it will not be any trouble to answer it again, then, if he has.

A. I am not able to definitely state.

By MR. DICKINSON:

Q. Can you approximate it?

A. I would not attempt to.

Q. Mr. Farrell, in the year 1911, in what product were the Archbold-Brady Company in competition with the American Bridge Company?

A. The Archbold-Brady Company, of Syracuse, New York?

Q. Yes.

A. Light buildings, small buildings.

Q. Anything else?

A. Highway bridges.

Q. Were they in competition at that time with the American Bridge Company?

A. Yes, sir; in competition with our plant at Elmira, New York.

Q. Do you know of your own knowledge at that time of that concern ever having bid in competition with the American Bridge Company for any work?

A. I have heard them frequently referred to as an active competitor in the central part of New York State.

Q. You have heard that referred to?

A. Yes, sir; by the officials of the American Bridge Company.

Q. Do you know of the fact of their having actually competed?

A. No; I was not in the American Bridge Company's sell-

ing organization and I was not tendering on bridges or buildings; that was another department of the business.

Q. Take the Banner Iron Works. In what class of products for the year 1911, say May 15th, 1911, was that concern in competition with the American Bridge Company?

A. They were manufacturers of small structural material, light shapes.

Q. Do you know of your own knowledge that as of that time or at any period preceding that time they had actually bid in competition with the American Bridge Company?

A. I have heard them referred to as being in competition.

Q. Somebody told you that?

A. I say I have heard them referred to as being in competition there.

Q. As being in competition?

A. Yes.

MR. SEVERANCE: Heard of them where?

THE WITNESS: From our people in the American Bridge Company.

By MR. DICKINSON:

Q. Your people in the American Bridge Company have referred to them as being competitors?

A. Yes, sir.

Q. That is all you know about it, is it?

A. That is my source of information.

Q. What you heard somebody else say about it?

A. That is it.

Q. Take the Clyde Iron Works?

A. Of Duluth?

Q. Of Duluth: Do you say of your own knowledge, apart from any hearsay information, that on May 15th, 1911, the Clyde Iron Works, or at any period preceding that time, were in competition with the American Bridge Company?

MR. SEVERANCE: I would like to ask counsel, in fairness to the witness, to state what he means by hearsay. I do not apprehend that the witness, being the President of the Corporation, in getting information from his subordinates in the regular course of business, that that is quite within the definition of hearsay, and I would be glad if counsel would

be kind enough to frame his question so the witness may understand it. He would not perhaps want to characterize what he hears in that way as hearsay. I do not think I would want to characterize it as hearsay.

MR. DICKINSON: I thought by this time he had found out what hearsay is, but I will accommodate him.

MR. SEVERANCE: You might think reports made by a subordinate to a superior officer in the regular course of business, on which business is done and is relied upon, is hearsay. I cannot agree with you. He has stated that as to these other companies that is the source of his information.

By MR. DICKINSON:

Q. In 1910, did you personally know that the Clyde Iron Works was a competitor of the American Bridge Company?

A. The records will show that that company has taken a great deal of business from some of the subsidiaries of the Corporation, in competition with the American Bridge Company.

Q. You are speaking of what the records will show?

A. Yes.

Q. Now I am asking what you personally know.

A. Well, I do not conduct the American Bridge Company's business, and my source of information is the officials of the Bridge Company.

Q. You know the difference between knowing a thing personally, and knowing it through information derived from somebody else, do you not?

A. Pretty generally, yes. I might say that Mr. O. P. Austin, the Chief Statistician of the Treasury Department, who issues a lot of figures to the Department of Commerce, does not compile those figures himself, and you might characterize his information as hearsay, or rather his sources of information, and the mass of figures that are presented to him are all hearsay, because he did not do it himself.

Q. I do not want to get into an argument with you, but when you say that you personally know a thing what do you mean by it?

A. I have not said I personally know.

Q. If you should say it what would you mean by it?

A. If I said I personally knew of anything, it would be through contact with it in some way.

Q. And direct knowledge, and not knowledge derived from others?

A. I have to depend upon the people——

Q. I understand——

MR. SEVERANCE: I insist that the witness be allowed to finish his answer.

THE WITNESS: I necessarily depend upon the people that are connected with me in this business. If one of my associates in the business came to me and made a certain statement I would not characterize that as hearsay; it would be a basis for making a statement.

Q. But in answering these questions in regard to the competitors of the Corporation, were your answers based on your personal knowledge as you have explained what you mean by personal knowledge, or based upon opinions you got from others?

A. Both.

Q. What parts of it in regard to the Clyde Iron Works was based upon personal knowledge?

A. I perhaps might consider it personal knowledge if the president of the Oliver Iron Mining Company might say to the president of the American Bridge Company in my presence, for example, that he gave them business because their prices were lower than our prices; and that frequently happened. That concern, the Clyde Iron Works at Duluth, does a large business with companies on the ranges in competition with the American Bridge Company, and if their price is lower, they get the business. That is their principal business up there, in competition with the American Bridge Company.

Q. When you testified as to the Clyde Iron Works being in competition, you base that, I understand, partly on your personal knowledge and partly on information derived from others?

A. Statements made by people in whom I have confidence and who I do not think would make statements unless they were based on facts.

Q. Take Dietrich Brothers, of Baltimore. You testified, did you not, that they were competitors?

A. I know them personally, Dietrich Brothers.

Q. You know them personally?

A. Yes.

Q. But I am speaking, now, of their being competitors on May 15, 1911. Did you know of any contracts prior to that time where they had bid against the American Bridge Company? If so, what were they?

A. The contract for the Emerson Building, in Baltimore.

Q. Is that the only one you can name?

A. A number of buildings in Baltimore.

Q. At what time was that?

A. In 1910.

Q. In 1910?

A. Yes.

Q. Do you know of any between 1910 and May 15, 1911?

A. Several. I can not recall the names, offhand. I think I will think of them during the day.

Q. You know of several?

A. Yes.

Q. Take the Dover Boiler Works.

A. Of Dover, New Jersey?

Q. Of Dover, New Jersey. In what were they competitors of the American Bridge Company on May 15, 1911?

A. Tanks.

Q. Tanks?

A. Yes; for holding liquids, acids, and so on.

Q. Anything else?

A. No; I do not recall. I think they specialized in that business, boilers and tanks. I think they do some local work.

Q. But they are only competitors in tanks?

A. To my knowledge, yes; to the best of my recollection.

Q. To the best of your recollection?

A. Yes.

Q. What kind of tanks were they?

A. Tanks for holding coal tar, water, oil, gas and liquids of one kind and another.

Mr. Severance: Would you mind asking what he meant by "local work?"

By Mr. Dickinson:

Q. What did you mean by "local work?"

A. They might do some small building in Dover, New Jersey, or a building in Morristown. This whole business is a zone business. They do not get very far away from their base of operations.

Q. You say, then, that the Dover Boiler Works on May 15, 1911, were competitors of the American Bridge Company in tanks only?

A. To the best of my knowledge and belief.

Q. You have got as good knowledge on that subject as you have had at any time recently, have you not?

A. Fairly so, yes.

Q. When you answered——

MR. SEVERANCE: He said they did local work, too.

By MR. DICKINSON:

Q. On page 7297, when you answered that the Dover Boiler Works were competitors of the American Bridge Company in buildings and highway bridges, on what did you base that statement?

A. Because I recall that they bid against the American Bridge Company for a lot of tanks for the Huasteca Petrolem Company of Tampico, Mexico.

Q. Would those tanks be buildings and highway bridges?

A. No.

Q. But when you testified that on May 15, 1911, they were competitors in buildings and highway bridges, and now you say that they were competitors in tanks only, I ask you upon what you base your statement.

A. I meant that that was their general business; but they were also competing for small buildings in the locality in which they were located.

Q. In your answer to that question you did not mean that they were competitors at that time in buildings and highway bridges, but that that was the general business of this concern?

A. That was their general business.

Q. How did you get that information?

A. Through my associates in the business.

Q. Did you not get it also from the exhibit that you had before you at that time, which you looked at when you answered these questions?

A. That merely refreshed my recollection.

Q. That refreshed your recollection?

A. Yes.

Q. But when you say, now, that you were only competitors in tanks, and then that you were competitors in buildings and highway bridges, it did not refresh your recollection; because your recollection now is that it was in tanks and not in buildings and highway bridges, as you then stated?

A. That was their potential competition.

Q. That was their potential competition?

A. Yes.

Q. When you answered in regard to that concern, and a great number of others, with this exhibit before you, were you undertaking to say that you personally knew that each one of those concerns as of May 15, 1911, were competitors of the American Bridge Company in respect of the several classes of products that you gave in your answers under the name of each one as it was called?

A. Pretty largely; because a great many of those concerns competed against the American Bridge Company in foreign markets, and I was handling the American Bridge Company's business in foreign markets from 1903 on.

Q. You say "very largely."

A. Yes.

Q. Did you entirely?

MR. SEVERANCE: What do you mean by "entirely," Judge?

MR. DICKINSON: I mean to say that when he answered with this exhibit before him, that as of May 15, 1911, these several concerns were competitors of the American Bridge Company in respect of the things that he designated under each head, did he mean to say that he personally knew that at that time they were competitors of the American Bridge Company in the several products so named under each head?

THE WITNESS: You mean the 360 names shown in the exhibit?

By MR. DICKINSON:

Q. No, not all the 360 names shown, but those that were specifically called to your attention, and as to which you answered.

MR. SEVERANCE: Just a moment. May I inquire of you what you mean by your question? You say "personally known." Do you mean personally known in the sense that he saw the work being done, or that he received the information in the ordinary course of business from the people having it immediately in charge on behalf of the company?

MR. DICKINSON: I mean personally in the sense in which he has defined "personally" further back in his examination here.

MR. SEVERANCE: Do you mean by being personally in contact with the work?

MR. DICKINSON: In order to make it perfectly clear I will put the question in a different way.

Q. If you say you know a thing personally, please define what you mean by that expression.

A. I believe I have answered that question.

Q. I thought so too, but your counsel seems to think that you did not, so for his satisfaction, if you would not mind answering it again, I would be very glad for you to do it. I do not care on my own account.

A. In order to have personal knowledge of a matter I presume I would actually have to do it myself, and if I had an associate or assistant who was working with me all day long, and he told me that a certain thing was done, I would consider in my own mind that I had personal knowledge of that because he told me it was done.

Q. Suppose he was not associated with you all day long, and it occurred some years ago in respect to the business of the American Bridge Company, at a period anterior to the time that you were president of this Corporation, and while you were selling in foreign markets the products of these companies, and the matter related to competition between the American Bridge Company and other concerns, for those years, in the United States, would you understand that to be personal knowledge?

A. It would mean with me either something I had actually done myself or something that had been communicated to me by people with whom I was associated in the company.

Q. Then you do not distinguish between personal knowl-

edge that you know yourself, and things that somebody you may know tells you?

A. Yes, I would, something outside of our business, I mean.

Q. Well, if it was in the business then, whatever you heard from somebody else who was in the business, would you regard that as your personal knowledge?

A. So far as our business goes, I would, yes.

Q. If you should say that as of any particular period you personally know what competition existed as between the American Bridge Company and its competitors, the term "personal" embraced not merely what you had personally come in contact with, but all the people who represented the American Bridge Company and were in position themselves to know told you about it?

A. Pretty generally, yes.

Q. And you would not mean to say, then, by the expression "personally know", that you had a knowledge derived from direct information, through observation and personal contact with the matter?

A. There would be that distinction.

(By request of counsel the pending questions and answers were repeated by the stenographer.)

By Mr. Dickinson:

Q. You say there would be that distinction. There seems to be a little confusion as to what you mean by that. Would you explain that?

A. If I personally did something myself, I presume that would be personal knowledge of the first class. As to information given to me by people I was in contact with daily, weekly or monthly, and with whom I was associated in business, why, I would consider that personal knowledge, but I would not have actually transacted the matter myself or built the bridge or the structure.

Q. Then there are two classes of personal knowledge in your mind, one the thing you absolutely know yourself, and the other based on what other people told you, are there?

A. Yes.

Q. In answering these questions in respect to all of your competitors, of the American Bridge Company as of May 15, 1911, were you answering that based upon your knowledge of

the first class, or partly upon that and partly upon your knowledge of the second class, as defined?

A. A sort of composite knowledge.

Q. Can you state how much of that was personal of the first class, and how much of the second class, and in what proportion those elements were mixed to produce that composition?

A. I would not attempt to.

Q. Well, how much of this information, then, in respect of any of these competitors that you have given as of May 15, 1911, was hearsay; could you say that?

A. We could develop that if you will go through the list.

Q. Take the Elkhart Bridge Company?

A. Elkhart, Indiana?

Q. Elkhart, Indiana. You testified they were competitors. In what respect?

A. Railroad bridges.

Q. Were they large manufacturers of railroad bridges?

A. Comparatively so.

Q. When you testified in answer to the question you said they were competitors in highway bridges.

MR. SEVERANCE: I beg your pardon, sir. The answer is "bridges", not highway bridges. Look at page 7297. Look at the record. Do not look at your notes. He did not say highway bridges; he said "bridges."

MR. DICKINSON: If he did, do not get excited about it.

MR. SEVERANCE: I am not getting excited about it; only quote it correctly.

MR. DICKINSON: If I did not, I will correct it.

MR. SEVERANCE: Mr. Bolling suggests that you relied on your associate.

MR. COLTON: He relied on your exhibit, which is generally inaccurate.

MR. SEVERANCE: Look at the testimony. When you quote Mr. Farrell, better look at his testimony.

By MR. DICKINSON:

Q. I find, Mr. Farrell, that I was in error when I said highway bridges.

A. It is unnecessary to make any apology about it.

Q. I was misled by looking at Defendants' Exhibit, page 122, which describes the Elkhart Bridge Company as "highway". Now, do you say that the Elkhart Bridge Company on May 15, 1911, were constructing railroad bridges?

A. Both. They were bridge builders.

Q. Both railroad and highway bridges?

A. Yes; they were bridge builders, builders of bridges.

Q. Do you know of any railroad bridge as of May 15, 1911, and anterior to that time, in respect of which the Elkhart Bridge Company competed with the American Bridge Company, and if so what bridge was it?

A. I understand that they have built a great many bridges for the Lake Shore and Michigan Southern Railway.

Q. Do you know it yourself?

A. No, my associates tell me.

Q. Your associates; and so that part of your information, then, was based not on your personal knowledge of the first class, but from what your associates told you?

A. I have not actually seen the bridges erected.

Q. When did you get that information?

A. From time to time.

Q. When did you first get it?

A. Over a period of a good many years. You see we have a general managers of sales association in the Steel Corporation, and our people meet frequently and discuss our trade conditions, and——

Q. Do you recall any such bid or competition on the part of the Elkhart Bridge Company prior to the time you were elected president of the Corporation on January 10, 1911?

A. I have no recollection.

Q. Prior to that time were you the superior of these people from whom you got that information?

A. No, their associate.

Q. Their associate?

A. On an equal base.

Q. On an equal basis?

A. Yes.

Q. So then did you enlarge your personal knowledge of the second class by including not merely reports to you as a superior, but what you heard your associates tell?

A. That is one of the principal functions of our business, to absorb our different lines of business.

Q. So you would add that, then, to the category of conditions——

A. Of general knowledge.

Q. Which includes personal knowledge of that class?

MR. SEVERANCE: He has not added that. He said it before, his subordinates or associates. That is nothing new.

MR. DICKINSON: You used the expression "superior officers," I think.

MR. SEVERANCE: Yes.

THE WITNESS: I have never used that term.

By MR. DICKINSON:

Q. It was only counsel.

A. Excepting in the case of my superior officer, sitting here (indicating Judge Gary).

Q. You were asked this question on page 7293, at the bottom of the page:

"Q. I want to ask you some questions about the American Bridge Company. I call your attention to Defendants' Exhibits Nos. 4, 5, 6, 7, 8, 9, 10 and 11, which were introduced in evidence as part of the cross examination of the witness Roberts on the 24th of May, 1912, which purport to contain a statement of the competitors of the American Bridge Company at different dates. I will not ask you to go through all of this, but I would like you, if you will, to read off the names of the ones that you know of from your own experience in the business, from Exhibit 11, which purports to give a list of the competitors of the American Bridge Company as of May 15, 1911, which is the last date before the institution of this suit. Please state how and where you met these different ones in competition.

"A. You want me to read the ones I know?

"Q. The ones you personally know about, the ones in that list that you personally knew of as competitors of the Corporation as of May 15, 1911, and so far as you can recall, the class of business they were doing."

Now, do you undertake to say that in your answers to that question, where you designated certain concerns and the kind

of work that they were doing, that you personally knew as of May 15, 1911, that they were competitors of the United States Steel Corporation, or that you derived your information upon which you based your answers partly from hearsay and partly from the information you got by looking over the exhibit?

A. No, I would not call it hearsay. A large part of the information was derived from the statements that were made from time to time by our people as to the competition that they were contending with, and the classes of material that these various concerns were in competition with them on, and in a great many cases I know personally individuals in a great many of those companies.

Q. But do you mean to say as to all those in respect of which you answered and in respect of which you gave the subject matter of competition, that you personally knew that they were competitors of the Corporation as of May 15, 1911?

A. Pretty well.

Q. Only pretty well?

A. Well, I mean generally.

Q. All of them, then?

A. No, not all of them.

MR. DICKINSON: Then I except to Mr. Farrell's whole testimony upon that subject as being incompetent, and based upon hearsay.

MR. SEVERANCE: Do you move to strike out the answers he gave you in reference to specific companies?

MR. DICKINSON: No; my questions were to develop the improvidence of his answer.

MR. SEVERANCE: You will let the cross examination stand, will you?

MR. DICKINSON: I have a perfect right to cross examine—

MR. SEVERANCE: I say, you will leave in the answers to specific companies that he gave you?

By MR. DICKINSON:

Q. Now, take the Mosher Manufacturing Company.

A. They are a Texas company, are they not?

Q. Yes. State what you personally knew that company to be in competition with the Corporation in, as of May 15, 1911.

A. I have heard our sales agents in New Orleans mention them as being in competition with us. But you see, we have no competition in Texas now, because under the Texas State Railroad Commission Law or ruling, or whatever you call it, a local concern in Texas has an advantage of $4 a ton over a concern outside of Texas; that is, the railroad rates favor the Texas fabricator to the extent of $4 a ton advantage over any concern outside of Texas competing in Texas.

Q. You say now. How was that as of May 15, 1911?

A. I believe that was true as of that time; in fact, it was, because that is subsequent to the time that ruling was put into effect.

Q. Then were you not mistaken when you stated that you personally knew that as of May 15, 1911, the Mosher Manufacturing Company was a competitor of the Corporation?

A. That was my information, that they were.

Q. But I am now asking you, in view of what you have said about railroad rates, if you were not really mistaken when you made that answer.

A. That does not give the Texas company all the business, because they are located in places where we can reach, perhaps; Texas is a very large state, you know, seven or eight hundred miles across.

Q. Well, I will put it this way: Do you personally know that the Mosher Manufacturing Company was a competitor of the Corporation as of May 15, 1911, and if so, state what your personal knowledge is on that subject.

A. Is that at Dallas, Texas?

MR. SEVERANCE: Yes, that is right.

By MR. DICKINSON:

Q. Dallas.

A. I have never seen any work that the American Bridge Company have actually fabricated and erected in competition with the Mosher Manufacturing Company, but I have heard our sales agents frequently mention it.

Q. Can you say that you personally know that as of May 15, 1911, that company was a competitor of the corporation?

A. Not in the sense that I ever had observation of anything that they were doing.

Q. Do you know anything about it except what some sales agent told you?

A. I know that they are a prosperous concern, engaged in the bridge and building business.

Q. Do you know of any contracts that they ever took? Can you name them?

A. I think they have had some business from the Texas Company, the oil company down there.

Q. But do you know of your own knowledge, and can you name——

A. I am not definitely sure whether any of these Texas people, that is, the Texas Oil Company, told me specifically about their work.

Q. What was the capacity of that Company May 15, 1911?

A. Not more than two or three thousand tons.

Q. That is a very small affair?

A. I know; but there are certain degrees of prosperity.

Q. Take William B. Pollock & Company, of Youngstown, Ohio. If you personally knew that that concern was a competitor of the Corporation as of May 15, 1911, state the basis of that knowledge?

A. I know the William B. Pollock Company of Youngstown, Ohio, very well. I know all the partners personally; and they have bid on work for the United States Steel Corporation in competition with the American Bridge Company and secured contracts. They are builders of blast furnaces, stoves for heating blast furnaces, and locomotive jacket work, and a great variety of that class of material.

Q. And in what things were you competitors of theirs?

A. Work around steel works and blast furnaces, open hearth plants, buildings and stoves, etc.

Q. In what kind of buildings were you competitors?

A. Structures for open hearth plants, boiler houses and so forth. You see they are very busy just now, because at the present time there is a great deal of steel work building going on. Our competitors are building 2,300,000 capacity now.

Q. What was their capacity May 15th, 1911?

A. It has varied. Their capacity might be 10,000 tons one year and 20,000 or 30,000 or 40,000 tons in another year.

Their capacity is not represented by the number of buildings or tools they have, because a great deal of work is done in the field; "field" work as we term it.

Q. Give their capacity as nearly as you can, as of May 15th, 1911?

MR. SEVERANCE: I object to that, as not cross examination. I did not ask regarding capacity in relation to any of these.

By MR. DICKINSON:

Q. Give their capacity as of May 15th, 1911, as nearly as you can.

A. It would be difficult to estimate it. They now have a contract at Youngstown, for example, for works calling for about 24,000 tons of material.

Q. Are they going to fabricate that?

A. Yes; they fabricate a great deal of it at the plant site where the buildings are going up.

Q. And buy it from other people, do they?

A. Yes.

Q. And then fabricate it at the plant site?

A. Yes. They are not makers of the plain material themselves.

Q. Take the Schrader Iron Works, of San Francisco, California. In what were they competitors?

A. Buildings. I am not certain, but I believe they did some work for us out there, in a warehouse.

Q. Do you know personally——

MR. SEVERANCE: On what page is that, Judge? I do not find it.

MR. DICKINSON: I am asking on this exhibit here, page 133.

MR. SEVERANCE: I am looking to see if he testified about it. I do not find it.

MR. DICKINSON: We have it marked. I will pass that until you have found it.

By MR. DICKINSON:

Q. The Stupp Iron Works, of St. Louis, Missouri: In what were they competitors of the American Bridge Company May 15th, 1911?

A. Light structural material.

Q. Anything else?

A. I think they are makers of boilers.

Q. Is that all?

A. That is all I recall, yes.

Q. Do you know personally of any competition between the Stupp Iron Works and the American Bridge Company as of that date or prior thereto?

A. I have no recollection of any particular business that they were in competition in.

Q. So your answer as to that, then, was based upon information you got from others, was it?

A. Information from our St. Louis manager, who regards them as a very active competitor in the field there. He has mentioned them frequently.

Q. And not from your personal knowledge?

A. I have never seen any work they were actually engaged in doing.

Q. I say, your answer was not based upon any actual knowledge of your own as to them?

A. You may term it so.

Q. I want to know whether you do.

MR. SEVERANCE: He has said, several times, that he got his information from the agent at St. Louis.

By MR. DICKINSON:

Q. Did you have any other information except what you got from the agent in St. Louis?

A. Not that I can recall. Possibly I might have, but I do not recall.

Q. You recall as much now as you did when you answered this question on direct examination, do you?

A. Yes.

MR. DICKINSON: I renew the exception that I made before. It will be understood that that exception is repeated here.

By MR. DICKINSON:

Q. Mr. Severance, I am about to refer to Volume 56 of the typewritten testimony, pages 7468 and 7469.

You testified, Mr. Farrell, as follows:

"Yes; the Donora Plant of the Union Steel Company; I asked Mr. Palmer, the President of the American Steel & Wire Company at various times, and in fact quite frequently, to urge the purchase of that plant on the part of the Corporation, because of its peculiar adaptability to the export wire trade."

I shall not read any further unless you wish me to do so.

MR. SEVERANCE: Yes. You might read the rest of the answer.

By MR. DICKINSON:

Q. (Continuing reading):

"My brother and I had been together at Braddock, and he built that plant for that purpose, and we were short of facilities. Our business was increasing, and I was very anxious for the company to buy the Donora plant of the Union Steel Company."

I will ask you if you recommended to Judge Gary and Mr. Perkins at that time to enter into a contract with the vendors of the Union Steel Company whereby said vendors would agree for ten years from December 1, 1902, not to engage directly or indirectly in the manufacture of iron and steel or articles made therefrom then manufactured by the United States Steel Corporation, the production of coke, or the mining and production of iron ore, except in the territory of Arizona or the State of Florida; excepting, however, from the terms thereof the enterprises in which the parties may now respectively be engaged?

MR. SEVERANCE: I object to that as not cross examination.

THE WITNESS: No.

By MR. DICKINSON:

Q. Do you not know there was such a contract?

A. No, sir; I never heard of it until you read it just now.

Q. Was there any iron ore at that time mined in the Territory of Arizona or the State of Florida?

A. Was there any mined?

Q. Was there any iron ore at that time mined in the Territory of Arizona or the State of Florida?

A. I have no recollection of any. I think there is some ore in Arizona; I do not know about mining it.

Q. There was ore?

A. People tried to sell us properties there.

Q. I mean, as of that time.

A. I do not recall.

Q. Were there any steel works in Florida?

A. No.

Q. Any in Arizona?

A. Not at the present time. There is a possibility of some.

Q. On page 7469 you say:

"Q. What was there peculiar in the wire plant at Donora that made you desire it for export business?

"A. Their galvanizing equipment; their equipment for making varnished wire; the type of some of their machines for making nails for the foreign market, and the general capacity of the plant and the range of sizes they were able to make. I would like to say that my brother, Mr. William H. Farrell, who built that plant and operated it, had no financial interest in the plant."

What did the plant consist of? You mentioned the general capacity of the plant. State what it consisted of. You say "the general capacity of the plant." What was the general capacity of the plant at Donora?

A. The plant had two wire rod mills, what we term "twin rod mills," wire drawing blocks, galvanizing equipment, machinery for manufacturing nails, and a new process for varnishing wire.

Q. Had they some blast furnaces?

A. Those were subsequent, later.

Q. And open hearth steel works?

A. About the same time they were building their blast furnaces.

Q. Were they not in process of being built then?

A. I think they were laid out and possibly under way, but I do not know much about that.

Q. That was a part of the general capacity of the plant, was it not?

A. I was speaking more of the wire plant. I have no reference to the other capacity.

Q. You had no reference to the other?

A. No.

Q. You spoke of the sales to the International Harvester Company. Did not the Illinois Steel Company and the Carnegie Steel Company have preferential contracts of sale to the International Harvester Company in 1903?

A. What do you designate as a preferential contract?

Q. I will explain that by reading from the Carnegie minutes, Volume II of Exhibits, page 493, July 27, 1903, a statement by Mr. Bope:

"The following comment on the market, and on general conditions in the trade, sent to the meeting by Mr. Bope, was read by the Secretary:

"Illinois Steel Company closed, during the week, with International Harvester Company for 40,000 tons of material at price of 1.46½c Chicago. While this is below the market, it was anticipated we should have to make a special rate to these people, in view of their position as manufacturers. We shall not announce, of course, the price of the contract, but once it is known that the Harvester people have bought, it should, and I believe will, cause the other manufacturing people to come into the market."

Don't you know that there was such a contract?

A. I would not call that a preferential contract.

Q. Whatever it was, preferential or otherwise, don't you know that there was such a contract?

A. I know from the minutes that you have just read there, but that is simply a matter of salesmanship, simply securing a contract.

Q. At a special rate?

A. No.

Q. And a secret price?

A. Oh, no; no secret price.

Q. Not to let it be known publicly?

A. No. You see the point is this: At certain seasons of the year, once a year, the agricultural implement trade comes into the market, and we are always wondering when they are going to come in; they come in in June in one year, or they may come in in July or in August, and as soon as a large agricultural implement man buys, and it becomes known to the trade, the others generally follow.

Q. When it is known?

A. That is a condition.

Q. It is a condition as manifested here?

A. I do not know how to denominate it.

Q. Let us see the conditions. First, the sale was below the market, and the price was a special rate, and it was not to be announced, and "we shall not announce, of course, the price of the contract, but once it is known that the Harvester people have bought, it should, and I believe will, cause the other manufacturing people to come into the market."

You say that was a system of sales?

A. I do not attach any significance to that at all from a commercial point of view. That is, I would not consider that there was anything in that at all, other than the ordinary routine statement that a salesman might make.

Q. That was a common thing to do, was it?

A. Oh, yes.

Q. Volume 54, page 7248. Mr. Farrell, did you have anything to do with the purchase and sale of tubes prior to the formation of the United States Steel Corporation?

A. No, sir.

Q. What knowledge, prior to that time did you have of the tube business?

A. Most of the tube manufacturers in the country were buyers of wire for binding and bundling pipe, and the concern that I was connected with sold them considerable wire for that purpose, so that I knew the tube manufacturers in the country pretty generally.

Q. What kind of tubes did they use the wire for bundling?

A. For bundling them together.

Q. For bundling them together?

A. Yes.

Q. No matter whether they were seamless tubes or the other kind?

A. No; seamless tubes are generally boxed.

Q. Boxed?

A. Yes.

Q. You say that was selling wire to tie up tubes?

A. Yes.

Q. Apart from that what information did you have of the tube business prior to the formation of the Corporation?

A. We bought tubes for boilers, and we knew pretty well who the tube makers were; for the boilers in the works.

Q. How long before that since you had bought any tubes?

A. At what time?

Q. Did you make your own boilers?

A. No; but we retubed the boilers.

Q. To what extent did you have to buy tubes?

Q. About twice a year?

A. The water was——

Q. What would be the quantity in tonnage that you would buy?

A. A carload at a time.

Q. A carload at a time, so you got about two carloads a year?

A. Yes.

Q. For re-tubing your boilers?

A. About that.

Q. Did you have any other acquaintance with the tube business?

A. I knew a great many people in the business personally.

Q. Yes; but did you know where these people sold their products, and who their competitors were? Did you have any such intimate knowledge as that of the tube business before the formation of the Corporation?

A. I knew pretty well who the boiler tube manufacturers and merchant pipe manufacturers were. I was in Pittsburgh, and a great many of the tube works were located there and at McKeesport and Wheeling, and the Spang Chalfant Company.

Q. You knew who they were and where they were located, and the men personally engaged in it?

Q. But did you know where those several concerns were selling their products and in what territories they were in competition with each other prior to the formation of the Corporation?

A. They sold locomotive builders and boiler makers, and they sold quantities of pipe for water and oil and gas installation.

Q. Did you know as of any particular years prior to the

formation of the Corporation the territories in which the several makers of tubes sold in competition with each other?

A. It was generally understood that they sold in their immediate localities pretty well; there were works at Cohoes, New York and Syracuse and Oil City, Pennsylvania, and Pittsburgh and Wheeling and different parts of the country.

Q. What do you mean by different parts of the country?

A. Well, different parts of the United States.

Q. It was understood, then, that they sold generally?

A. They sold generally, but it is all a question of freight in selling goods, you know; you cannot get very far away sometimes; it all depends on the return you are desirous of making upon your product.

Q. At those times, when competition was sharp, to get business, would they not sometimes absorb the freight to get into other territory?

A. Yes; they would do that.

Q. And that was quite common, was it not?

A. It was quite the thing.

Q. It was quite the thing. Except for the purchase of tubes which you have indicated, did you have anything to do with the purchase and sale of tubes prior to the formation of the United States Steel Corporation?

A. I never sold tubes prior to the formation of the United States Steel Corporation.

Q. You only had a general knowledge on the subject?

A. A pretty general knowledge.

Q. The National Tube Company was formed in 1899, was it?

A. I think so, yes; 1899.

Q. At that time and between that time, up until 1901, state what concerns other than the Shelby Tube Company were making seamless tubes?

A. Were making seamless tubes?

Q. Yes.

A. There were several concerns.

Q. Can you mention them?

A. I think the Standard was one company.

Q. What else?

A. I think the concern at Danville, Pennsylvania—

Q. Before you get to that, the Standard; is that the Standard Seamless Tube Company?

A. No; I think that was one of the companies that was owned by the Shelby Company prior to that.

Q. This Standard you have referred to, what was that?

A. That may not be the proper name for it.

Q. Well, the one that you think of, give it as near as you know.

MR. SEVERANCE: Are you inquiring as to seamless or other tubes?

MR. DICKINSON: We are talking about seamless tubes. He said he thought the Standard.

By MR. DICKINSON:

Q. Where was that situated?

A. I do not recall.

Q. Can you state in what State it was located?

A. In either Pennsylvania or Ohio; I think in Pennsylvania.

Q. Was it in Ellwood?

A. I think the Shelby took a plant, or rather bought a plant themselves, called the Standard, at Ellwood.

Q. Is that the one you are referring to?

A. No; that is not the concern I have in mind at all.

Q. How long had that one which you have in mind been making seamless tubes?

A. It came in with the bicycle industry. The seamless tube industry came in with the bicycle business in this country, and blew up when the bicycle industry rather went down.

Q. You do not know when it came in and when it blew up?

A. No; I would not attempt to give it.

Q. Do you know the extent to which it was making seamless tubes at the time the National Tube Company was formed?

MR. SEVERANCE: Did I understand him to say this particular company blew up, or the industry blew up?

THE WITNESS: No, the industry.

By MR. DICKINSON:

Q. Then what became of this Standard Company? Did it go up with the blow up, or did it continue?

A. No; I think it continued.

Q. And it is in existence now?

A. I believe the plant is. I do not recall the name exactly.

Q. You cannot tell where it is?

A. No; I am not confusing it with some other concern I know of, such as the Delaware Seamless Tube Company, at Auburn, Pennsylvania.

Q. You have mentioned the Standard and the Shelby, and you started to mention one other. What other companies besides the Shelby and the Standard were making semless tubes at the time the National Tube Company was formed?

A. I believe there was a concern at Beaver Falls, Pennsylvania, making them; there was a man named McCool who had a process there.

Q. How long did he continue?

A. I have no recollection.

Q. Do you know whether he was making seamless tubes at the time the Corporation was formed?

A. I believe that he was.

Q. Can you give the extent to which he was making them?

A. No, sir.

Q. Can you give the extent to which the Standard, which you have referred to, was making them at that time?

A. No.

Q. Can you name any other companies besides the Shelby and the Standard and McCool who were making seamless tubes at the time the National Tube Company was formed?

A. I do not remember whether the Babcock & Wilcox Company were making seamless tubes at that time or not.

Q. Is that all that you can now recall?

A. But they are large makers of seamless tubes; their plant is at Barberton, Ohio. I do not know whether they were making them at that time or not.

Q. I am speaking as of your knowledge at that time?

A. I do not recall.

Q. Can you name any that went into the seamless tube business between the formation of the National Tube Company and the formation of the United States Steel Corporation?

A. I have no recollection. I think there were some, but I cannot name them.

Q. Mr. Farrell, did not the National Tube Company control the Standard Seamless Tube Works, formerly operated by the Standard Seamless Tube Company and the United States Seamless Tube Works, formerly operated by the National Tube Works Company, at the time it acquired the Shelby Steel Tube Company?

A. Possibly, but I am not in an intelligent position, Judge, as to that.

Q. You do not know enough about the tube business to answer that question?

A. I do not know enough about that particular Standard Seamless Tube Company to answer the question.

Q. Can you say whether or not, before the Shelby plant was purchased, the National Company had any seamless tube capacity?

A. I believe they were developing some experimental work. They had a man in their employ, I think, who developed a process for piercing a billet, which was one of the processes that leads up to the making of seamless tubes. After the bicycle business gave out, the manufacture of seamless tubes was taken up for mechanical purposes, and then for boiler and other work.

Q. Do you say that you know or do know that the National Tube Company had, previous to the purchase of the Shelby Steel Tube Company, any seamless tube capacity?

A. I am not in an intelligent position concerning the matter. I have no recollection.

Q. You were asked the following:

"Do you recall the fact of the National Tube Company purchasing the Shelby Seamless Tube Company?

"A. Yes.

"Q. Do you remember when that was done"——

MR. SEVERANCE: From what page are you reading, Judge?

MR. DICKINSON: From page 7251 of the typewritten testimony.

By MR. DICKINSON:

Q. (Continuing): "Q. Were you at that time in the employ of the Corporation?

"A. Yes.

"Q. Until that plant was purchased did the National Tube Company have any seamless tube capacity?

"A. No.

When you answered that, was that, or not, an inadvertent answer?

A. Possibly; because I think they were getting ready to go into the business.

Q. You do not stand by that answer, now?

A. No; I do not stand by that answer.

Q. Let me see if I can refresh your recollection on that subject. I will read to you from the minutes of the National Tube Company, October 16, 1900, Government Exhibits Volume II, page 405.

A. What date?

Q. October 16, 1900. (Reading:)

"The president reported"——

Who was the president then? Do you remember?

MR. SEVERANCE: That is before the Corporation was organized?

MR. DICKINSON: Yes.

THE WITNESS: I think Mr. Frank Hearne was president of the National at that time.

By MR. DICKINSON:

"The president reported * * *

"That the Board has authorized the Officers to continue their development of the Seamless Tube business at the Christy Park Plant of this Company; that the Officers have given very close study to the state of the art covered by the piercing and rolling processes which form the basis of the Manufacture of Seamless tubes; that at present the great bulk of Seamless Tubes are made by the Shelby Tube Company; that the other chief competitor of this Company is the Standard Seamless Tube Company; that the exploiting of Seamless tubes in competition with our lap-welded products at a parity of prices and the universal adoption of this style of tubes for modern purposes has convinced the Officers of the advisability of still greater activity on our part to place ourselves in a position to meet the growing demands of Seamless tubes for marine, locomotive and merchant purposes, as

well as to enable us to use Seamless tube products as a defensive method in protection of our lapped welded products; that the development and completion of our present Christy Park Plant will probably involve an outlay of $250,000, and will consume two years' time to bring it to a profitable capacity; that the Executive Officers deem it advisable for this Company to keep in the forefront of progress and to command this branch of business at the earliest state of its development, and governed by the considerations the Executive Officers have tentatively negotiated for the acquisition of the Standard Seamless Tube Company with its patents and plant, and with the services of the two gentlemen whose inventions and commercial ability are the present basis of its establishment, if such purchase can be made upon satisfactory terms and after investigation; that this subject requires immediate authorization by the Board if the Board deem it preferable to acquire the Standard Plant than simply to increase its Christy Park Plant during the period of two years; that the time saved in the acquisition of the Standard Plant, as well as the advantages of a modern and well equipped plant to be immediately employed are very great.

"Upon motion, the subject of the prosecution of the Seamless Tube business at the Christy Park Plant or as an alternative, the acquisition of the Standard Seamless Tube Company, referred to in the report of the President, was taken up for consideration. After discussion it was duly and unanimously

Resolved that Messrs. F. J. Hearne, W. H. Latshaw and William Nelson Cromwell, together"——

Do you wish me to read any further, Mr. Severance?

MR. SEVERANCE: No; unless you desire to do so.

By MR. DICKINSON:

Q. Mr. Farrell, was it not a fact that at that time the seamless tube and the lap-welded tube were in competition in the market?

A. There was a great difference in the price of the tubes.

Q. But they were offered to people for the same uses, were they not?

A. Practically.

Q. And were in competition, were they not?

A. Well, I would not consider that something that cost $100 a ton was in competition to any great extent with something that cost $30 a ton, unless the quality appealed to the purchaser.

Q. But sometimes did not one purchaser buy one and one the other, after considering both qualities at both prices?

A. No; we can not sell today——

Q. I am not asking you about today.

A. Pardon me.

Q. I am asking you as of that time, whether they were not in competition?

A. I do not imagine they were.

Q. Notwithstanding the statement that

"The exploiting of seamless tubes in competition with our lap-welded products at a parity of prices and the universal adoption of this style of tubes for modern purposes," and so forth, do you say that they were not in competition at that time?

A. I am not in an intelligent position as to that recital. I know that at that time the Mannesmann Company of Germany, who were the people who developed important patents in the manufacture of seamless tubes, were building plants all over the world, and there was a great deal of concern on the part of tube makers in this country as to whether the seamless tube was going to be an important factor in the business; and it was quite natural that they should prepare to go into that business.

Q. As I understand you, you do not say that at that time these varieties of tubes were not in competition?

A. Anything that can be used for the same purpose is in competition.

Q. That is what I understand. Now, I will read you from the minutes of the same company, the same volume, pages 411 and 412. This is in March, 1901. That was just a month before the formation of the United States Steel Corporation?

A. Yes; the corporation was formed in April.

Q. (Reading):

"President Converse made a written report upon the general condition of business, that * * *

"That the Manufacturing department had recommended certain plans for increasing output and earnings, and that in this connection the Directors of the National Tube Works Company had met and authorized the expenditure of $500,000, for enlargements and improvements, of which a new water works pumping and distributing system and a centralized electric power station are important features; that the Directors of the Standard Seamless Tube Company had authorized the expenditure of $200,000, in the line of new machinery, to increase output and reduce cost of those special products; also, that the Manufacturing Department desired to complete the central power station which the Pennsylvania Department had well under way at the time of its acquisition; that acquiescence was desired to the plans of the Board of Directors of the National Tube Works Company to acquire two additional pieces of property contiguous to their property, or at some other convenient point, for the purpose of necessary enlargements, the total estimate of which roughly figured at about $150,000."

Do you know whether or not improvements were being made at that time upon the Standard Seamless Tube Company's works in the sum of $200,000?

A. I have no information upon the subject.

Q. Do you know whether or not at that time the Standard Seamless Tube Company was making seamless tubes?

A. I believe they were experimenting. I think that is the same concern I referred to.

Q. Do you know whether they were making and selling them in the market?

A. My recollection is that they were not to any extent. I know the man McCool, who invented the process. He lived in Beaver Falls, and that was adjacent to Ellwood City, and I knew in a general way it was a matter of concern to almost everybody in the business; they were interested in that and they were always watching this development.

Q. That is the same McCool of whom you spoke some time ago in that connection?

A. Yes.

Q. When you testified that others beside the Shelby were making seamless tubes, and mentioned the Standard, your recollection is that the Standard was making some seamless tubes at that time?

A. No, I said I could not recall the name of the concern that was in my mind. I knew there was a Standard concern, and that they were getting under way in the business, but I think it was all experimental at that time, largely.

Q. On the next page President Hearne reported, this is May 21st, 1901. (Reading):

"Preliminary negotiations for the consolidation of the Seamless Department with the Shelby Steel Tube Company were under way, but it was extremely doubtful if any tangible results would follow. Two experts on behalf of this Company had visited the Greenville and Toledo Works, the most modern plants of the Shelby Company, and this visit seemed to show that the facilities of this Company are equal, if not superior; also, that it is extremely doubtful if seamless tubes can be produced as cheaply as lap-weld operating under the existing values of their respective raw materials."

Now, don't you know that at that time the Shelby Steel Tube Company and the National Tube Company were competitors?

A. I do not think so; my recollection is that they did not use the same material as a basis. They were large importers of Swedish steel, the Shelby Company. They brought all their steel into this country, and it was only after the development of the business by the National Tube Company that they were able to use material obtained in this country, basic open hearth steel with a very low amount of phosphorus. The Shelby Company bought practically all their material in Sweden, and afterwards when our people took up that line of business, we manufactured a similar quality of material.

Q. I will read you further, from page 416, (Reading):

"On January 2nd, 1901, the entire capital stock of the Standard Seamless Tube Co., of Ellwood City, Pa., was acquired by purchase and later amalgamated with the United States Seamless Tube Works of Christy Park, and these two plants have since been operated as the Seamless Department

of the Company. Both of these plants are thoroughly well equipped and the best of their respective classes in existence."

Now, the Christy Park Company and this Standard Company at Ellwood, they are the two that you mentioned a while ago?

A. No, not the concern I had in mind.

Q. You mentioned one at Christy Park, did you not?

A. I did not mention Christy Park.

MR. SEVERANCE: You read that in the minutes.

By MR. DICKINSON:

Q. You mentioned one at Ellwood City?

A. I mentioned one at Ellwood City.

Q. Was that a different one from the Standard, at Ellwood City?

A. I believe there was another concern there.

Q. What was that other concern?

A. I do not recall.

Q. And you do not know what became of it?

A. If I might be permitted, I might tell you this afternoon.

Q. I am asking now.

A. If I can look at my records.

Q. I am asking you now what you know, not from records, but what you know.

A. What I carry in my mind?

Q. Yes; you could not answer that?

A. No, sir.

Q. This statement "have since been operated as the seamless department of the Company," have you any knowledge contrary to that?

A. Which plant are you referring to?

Q. I will read that over again. (Reading):

"On January 2nd, 1901, the entire capital stock of the Standard Seamless Tube Co., of Ellwood City, Pa., was acquired by purchase and later amalgamated with the United States Seamless Tube Works of Christy Park, and these two plants have since been operated as the Seamless Department of the Company. Both of these plants are thoroughly well equipped and the best of their respective classes in existence."

That has reference to the National Tube Company. Have you any knowledge contrary to that?

A. No, sir.

Q. The statement that "both of these plants are thoroughly well equipped and the best of their respective classes in existence," have you any knowledge contrary to that?

A. No, they might be thoroughly well equipped and never operated.

Q. But President Hearne says that they were operated, and were thoroughly well equipped.

A. That does not necessarily mean that they were in operation. A plant might be thoroughly well equipped and ready to operate.

Q. But he says, "have since been operated."

A. Probably operated after they bought them.

Q. Operated previous to the time that this report was made, May, 1901?

A. I do not know as to that.

Q. You do not know anything contrary to that?

A. No; I do not.

Q. Well, was that before the purchase of the Shelby Tube Company?

A. I don't recall.

Q. Can you give approximately the time when the Shelby Tube Company was acquired by the National?

A. I think in 1900.

Q. That is, to the best of your present knowledge you are answering that?

A. I am not quite clear on that.

Q. You are answering it to the best of your recollection now?

A. Well, that is not a certain date.

Q. I know it is not a certain date, but can you give any nearer answer than that?

A. It was between 1900 and 1902.

Q. That is as near as you can give it?

A. Yes.

Q. Now you say it was between 1900 and 1902; was it acquired before or after the formation of the United States Steel Corporation?

A. I am not prepared to answer that definitely. I would not concern myself much as to when that concern was taken in. I would not attempt to fix the date or the year in my mind.

Q. And you are giving it to the best of your recollection now?

A. Yes. I think that date of the Shelby Tube Company was 1904, now that I turn it over in my mind.

Q. Now, I will read you from Volume II of the Exhibits, page 502, an executive meeting of the United States Steel Corporation, April 30th, 1901. (Reading):

"PRESENT: MESSRS. E. H. GARY, Chairman,
C. M. SCHWAB,
WILLIAM EDENBORN,
PERCIVAL ROBERTS,
E. C. CONVERSE.

SHELBY TUBE COMPANY.

"The President reported in a general way the result of an interview had with Mr. Miller of the Shelby Tube Company. Mr. Schwab believes it is not at present feasible to make any division of the business of the National and Shelby Tube Companies.

"Upon the question of the acquisition of the property of that company, the President stated that the stock outstanding amounted to eight millions of common and five millions preferred stock. He also gave figures showing the business transacted by the Shelby Company. He is impressed with its earning capacity and believes that under our control it would net about 50%. He rather thinks that the whole property could be purchased for about $3,500,000. Mr. Converse stated that it is the only real live competitor the National Tube Company has and that between the two companies all the patents for seamless tubing manufacture are owned."

Now, Mr. Farrell, from your own knowledge of the seamless tube business are you prepared to say that the statement made then by Mr. Converse to Judge Gary and others, that the Shelby Tube Company was the only real live competitor of the National Tube Company, was not correct?

A. My recollection is that there was competition, and my recollection also is that the Mannesmann Company, who are the biggest people in the seamless tube business, and who are building plants all over the world, and now building a large plant in Canada, I think they were talking about coming in here at that time, too.

Q. I am not speaking of what is being done now, but I ask you if, from your knowledge of the tube business of 1901, whether you do not know that the only real live competitor of the National Tube Company was as here stated by Mr. Converse, the Shelby Company?

A. I can not answer that definitely.

Q. Don't you know that at that date the statement made by Mr. Converse that the National Tube Company and the Shelby, between them, had all the patents for seamless tube manufacture, was the fact?

A. I do not believe that was the case.

Q. Do you know?

A. The Mannesmann Company in Germany held patents. There have been a great many questions over these patents. We are supposed to own the patents now on seamless tubes, and yet there are a dozen concerns using our patents, and we believe, and in fact, are satisfied, that they are infringing on our patents, but we are——

Q. Do you know the dates of those patents?

A. No. It is a complex and complicated problem.

Q. I speak of patents which existed in 1901.

A. Well, the seamless tube was not brought out in this country; it was brought out in Germany, and patents——

Q. I mean the patents that were in force in this country in 1901; do you know what they were?

A. In a general way, I knew a good many of the people who were taking them out; a man named Steifel and a man named McCool, and we were more or less associated.

Q. Do you know how many of those patents that had been taken out in this country——

A. I do not. I know there were large numbers of them.

Q. Do you know how many of them, for seamless tubes, in 1901, April 30th, were not owned by the Shelby and the National combined?

A. No, I do not.

Q. Mr. Farrell, at the time the United States Steel Corporation was formed, what other concerns except the National Tube Company had steel pipe and tubular capacity in this country?

A. Steel pipe and tubular capacity?

Q. Yes.

A. The Riverside Company, at Wheeling; and there were several. There were a great many manufacturers of steel pipe who bought their steel from the Carnegie Steel Company and other companies.

Q. Can you give as of that time the several capacities of the concerns outside of the National Tube Company, at the time of the formation of the Corporation?

A. You mean their various capacities?

Q. Yes.

A. Of the various plants?

Q. Yes.

A. I would not attempt to give it accurately.

Q. Can you give it at all?

A. I can tell you the names of the companies, and where they were located, and about what they made.

Q. Well, give them, will you please?

A. For example, the La Belle Iron Works.

Q. What capacity did the La Belle Iron Works have of steel pipe and tubular capacity, April 1, 1901?

A. I would not attempt to state that.

Q. Could you give the percentage that it bore to the whole capacity of the country at that time?

A. No, but I think that——

Q. Name the next ones you have in mind.

A. There was the Spang-Chalfant Company of Pittsburgh.

Q. What was their tonnage at that time in steel pipe and tubular capacity?

A. I think about 50,000 or 60,000 tons a year.

Q. What percentage was that of the whole steel pipe and tubular capacity in 1901?

A. I would not attempt to say.

Q. Can you go through and give the names of all of the concerns or any considerable number of concerns, outside

of the National Tube Company, and show their tonnage or their percentage to the entire capacity of the United States in steel pipe and tubular capacity?

A. There were a good many tube works at the time; the South Chester Works, at South Chester, Pennsylvania; the Wheeling Iron & Steel Company.

Q. Give their percentage to the entire capacity.

A. I am not attempting to do that.

Q. My question was whether you could do that.

A. No.

Q. Do you know what the total capacity at the time of the formation of the United States Steel Corporation of steel pipe and tubular goods was?

A. I have always understood that the National Tube Company had about 58 per cent of the capacity.

MR. SEVERANCE: What per cent?

THE WITNESS: 56 or 58 per cent of the capacity of the country.

By MR. DICKINSON:

Q. You were not in the tubular business at that time?

A. No, but I knew a great many people in the business. The steel business is a pretty broad business, you know.

Q. Yes, I know it is, but you were not in that particular business at that time. Did you have any occasion—

A. No, I did not.

Q. To figure up the relative capacity of those who were in that line of business?

A. I was more or less interested in statistics all the time.

Q. Yes, I understand, but did you at that time make any statistics showing what was the capacity of all of the concerns in the United States in steel pipe and tubular goods?

A. At the time of the formation of the United States Steel Corporation?

Q. Yes.

A. No, sir.

Q. When you estimate the capacity—I believe you gave it as 58 per cent just now, did you not?

A. 56 or 58 per cent.

Q. When you state that, it is not based on any figures made by you?

A. Not at that time.

Q. Have you yourself made any figures since?

A. Yes, I have compiled some data since that time.

Q. You yourself?

A. I have gathered it in from our various people.

Q. You have gathered it in from various people?

A. From people in the National Tube Company.

Q. Have you made up yourself personally—I do not mean through the Comptroller's office—any tables showing such figures as that; and if so, from what sources did you get your information on which you made it up?

A. The sources were from the people in the National Tube Company, and then again, I had a general substantial knowledge of the business and I was able to check up their information to my own satisfaction more or less.

MR. DICKINSON: Will you read my question?

(The question was repeated by the stenographer.)

By MR. DICKINSON:

Q. Now, you have not answered the first part of my question, and that is, if you made up personally, and not through the comptroller's office, such a table.

A. No, I did not make it up.

Q. Then when you give an estimate based upon such a table or such a compilation, it is based, as I understand you, partly upon your general knowledge?

A. Yes.

Q. And partly upon compilations made up and presented to you by others?

A. Yes.

MR. DICKINSON: Then I except to his testimony in giving percentages of the steel pipe and tubular capacity of the National Tube Company—

MR. SEVERANCE: You asked for it. He is an expert and you asked his opinion and you got it.

By MR. DICKINSON:

Q. The question was asked you, Mr. Farrell, on direct examination:

"Mr. Farrell, at the time of the organization of the Steel

Corporation, what percentage of the steel pipe and tubular capacity of the country was in the National Tube Company?"

MR. SEVERANCE: What page is that?

MR. DICKINSON: 7270.

By MR. DICKINSON:

Q. (Reading:)

"A. 56 per cent."

And as I understand, in answering 56 per cent, your answer was based partly upon compilations made and presented to you by others?

A. I had a general knowledge of the business. I have been intimately connected with the general steel business, and when information of that kind is submitted to me, I am in more or less a position to satisfy myself as to its correctness.

Q. But you can not give the tonnage or percentage of any of the concerns as of that period?

A. I would not attempt to carry them in my mind.

(Whereupon a recess was taken until two o'clock p. m.)

AFTER RECESS.

JAMES A. FARRELL,

the witness under examination at the taking of recess, resumed the stand.

CROSS EXAMINATION (Continued)

By MR. DICKINSON:

Q. Mr. Farrell, you were questioned as to the percentage of steel pipe and tubular capacity of the country being in the National Tube Company at the time of the organization of the United States Steel Corporation. Will you please define steel pipe and tubular capacity in the sense in which you understood yourself as using it in that answer?

A. The National Tube Company manufacture steel pipe; but we generally refer to their output and capacity as tubular products.

Q. When you use the expression steel pipe and tubular capacity—

A. (Interposing) It is included in there.

Q. In the tubular capacity?

A. Yes; it is included in that.

Q. Would that include skelp?

A. No sir; skelp is the raw material; the flat sheet that turns into the pipe.

Q. Mr. Farrell, do you know whether, taking the years 1901 down to 1910, inclusive, the subsidiaries of the United States Steel Corporation used all of the skelp produced by that Corporation?

A. Between what years, Judge?

Q. Between 1901 and 1910?

A. My recollection is that they have always sold more or less skelp in the open market; that is, they produced in excess of their own requirements.

Q. Could you give any amounts for any particular years?

A. No; not specifically; but I should think they sell 10,000 or 15,000 and in some months 18,000 tons of skelp outside to pipe consumers.

Q. You use the expression "sell" in the present tense. I am referring to 1910 and previous. Would that answer apply?

A. They have always been sellers of skelp and in fairly large quantities.

Q. To what kind of people would they sell that?

A. They sell it to their competitors.

Q. In the market?

A. Yes.

Q. Then that was a commercial product—skelp?

A. Yes; rolled on a plate mill.

Q. How is it rolled?

A. On a universal plate mill.

Q. Mr. Farrell, you gave, in answer to a question, the percentage of tubes and tubular capacity in the United States Steel Corporation in 1912. On what did you base that answer?

A. The percentage of their capacity.

MR. SEVERANCE: I do not believe he understood the question, Judge.

(By request the stenographer repeated the question, as follows:)

"Q. Mr. Farrell, you gave in answer to a question the percentage of tubes and tubular capacity in the United States Steel Corporation in 1912. On what did you base that answer?"

MR. SEVERANCE: You mean the percentage—

MR. DICKINSON: That it bore to the whole produced in the United States.

THE WITNESS: In 1912?

By MR. DICKINSON:

Q. Yes.

A. That is since the suit was filed?

Q. Yes.

A. It was based on the capacity of the National Tube Company and the capacity of their competitors, as stated in Swank's Directory

Q. And it is on that that you gave your answer?

A. Largely, and then on what I have known. I have known, in a good many instances, what these concerns bought in the way of skelp. For instance I know we sell Spang Chalfant & Co. so many tons of skelp a month, the Wheeling Steel and Iron Company and other companies.

Q. But that would not show what your competitors sold them, would it?

A. What is that?

Q. Knowing what you sold Spang, Chalfant & Company would not give you any information as to what your competitors sold them, would it?

A. No. There are not a great many people rolling skelp. They prefer to roll plates.

Q Then your answer, when you gave the percentage, was based partly upon information derived from Swank's statistics?

A. It was general information, and my own knowledge of the business, and data of one kind and another.

Q. Part of that data was from Swank's statistics?

A. Yes.

Q. And part of the data prepared by other people and furnished to you?

A. Yes; and my own familiarity with the situation.

Q. When was that data prepared for you?

A. For 1912?

Q. Yes.

A. About a month ago.

Q. You did not verify that yourself?

A. I did not go over each item, no. I have in some of these others.

MR. DICKINSON: We except to his testimony as to the percentage produced in 1912, as being based on hearsay and being secondary evidence, and incompetent.

MR. DICKINSON: Mr. Severance, I am going to question now on Volume 55, pages 7278 and 7279.

By MR. DICKINSON:

Q. Mr. Farrell, you testified in regard to a comparative statement of the production of tin plate by the United States Steel Corporation and all other manufacturers in the United States in 1901, and in 1911, including the export tonnage in 1911 and the imports in both years. Will you please show how that statement was prepared?

A. It was prepared from information furnished me by my associates in the Corporation and our subsidiary companies.

Q. Who prepared it?

A. It was prepared largely by Mr. Marks, the statistician of the American Tin Plate Company.

Q. And turned over to you?

A. Yes, after he had gone over it.

Q. How was that prepared?

A. He verified that from Swank's statistics. He went to Philadelphia for that purpose.

Q. He told you that, you heard that?

A. He did not tell me that.

Q. You heard it?

A. The president of the American Sheet & Tin Plate Company informed me that Mr. Marks was in Philadelphia, or would be in Philadelphia, on a certain day, and when he fin-

ished comparing our data with Swank's, that he would come to my office and hand me the statement, which he did.

Q. You did not make any comparison yourself?

A. I went over it very carefully with him, and of course I recalled a great many of these firms myself.

Q. How did you go over it with him?

A. I took his sheets and went over the names. There were some names there that were not familiar to me, because right after the formation of the American Tin Plate Company and the American Sheet Steel Company, both companies, a great many of these older concerns were absorbed by competitors of ours. There are a great many companies in existence today who absorbed a great many of these smaller companies; for instance, the Phillips Sheet & Tin Plate Company absorbed half a dozen other companies, and other companies did the same.

Q. You did not compare it with Swank's statistics? He did that in Philadelphia?

A. He went there and compared it, his records, I believe, with Mr. Gray.

Q. But you never made any such comparison as that?

A. No, I did not take Swank's Directory and compare this statement with Swank's Directory.

Q. And you accepted the information that he gave you as to that comparison?

A. If I could not depend upon him, he would not be on our payroll very long.

Q. That is what I am trying to show. You did depend upon him, and you did not do that work yourself?

A. It might not have been a physical impossibility, but I mean I did not do it.

Q. That is what I want to get at. You really did not do it; it was done by somebody else. And your answer to that question was based partly upon information that came through him to you in that way?

A. Quite naturally.

Q. Now, what did he compare with Swank's Directory?

A. He compared his statement. I do not know what took place between Mr. Marks and Mr. Gray. Perhaps Mr. Marks could state himself, Mr. Severance, if you put him on the stand. I really do not know.

Q. You really do not know what kind of comparison they made?

A. Let him come on and state himself.

Q. I suppose we can do that. Now what year was that comparison made for?

A. It was made for a number of years.

Q. What years were they?

A. I think 1901 and 1912, and I think also 1910. I think there were three comparisons, but I don't recall about that.

Q. Did Swank's statement for that year show the capacities or the production of these several companies?

A. Not in the number of boxes.

Q. How did it show their capacity?

A. It showed their capacity in tons.

Q. Was there any statement prepared by Swank, independent of his directory of the iron and steel companies?

A. No sir.

Q. Then the understanding is that he compared a statement that he had made with the published statement of Swank.

A. With the data in Swank's directory.

Q. And with the published data?

A. Which published data?

Q. In the annual publications of Swank for several years?

A. That was the directory.

Q. You are quite confident about it being the directory he compared it with?

A. And the supplement, not necessarily the directory, but with the information in Swank's statement. Swank's office is a statistical office.

Q. And you do not know what the information was that he compared with, other than what appears in the published directory; if there was anything else you could not tell what it was?

A. Probably there may have been some data from his records there; there have been some new plants built.

Q. Now, then, you were asked this question, and you answered, at page 7278:

"From you knowledge of the tin plate business what would you say as to whether that is substantially a correct statement?"

And your answer was: "I should say that it is."

Now, was not your answer based partly upon the report made to you by this man who went down to Philadelphia and made the comparison?

A. I have stated a number of times that I have a knowledge of the business independent of these statistics or data.

Q. And a knowledge of the business, independent of statistics and data, sufficient to state that the figures set out in that statement were substantially correct?

A. From comparison, looking over names and capacities of these plants, the number of sheet mills and the number of tin plate mills, and personal acquaintance with a great many of them, I would accept any statement which was prepared which I had gone over. I would not attempt to carry in my mind everything.

Q. From your knowledge would you accept his statement? Was that knowledge, independent of his statement, sufficient to enable you to say that the figures given in that statement were substantially correct?

A. Pretty largely.

Q. So then you have memory of the production in regard to which your testimony referred, as of that time, independent of any information you got from him, which is sufficient in your judgment to enable you to say that the figures on that statement were substantially correct?

A. Essentially, or in part. That is, I know, as I have stated, a great many of these companies and the character of their product and of their plants; I did not actually compile that statement myself, but I am familiar with the situation.

Q. You say essentially and in part, I believe?

A. Yes.

Q. How much of it essentially, and how much of it in part: what part of it, I mean?

A. I would not attempt to state out of my own mind. If you will give me the statement, I will tell you just what I did go over, and what I did not go over.

Q. Do you undertake to say, though, that from your general knowledge of the business, as of that period, that independently of that information that was furnished you by this

gentleman who went to Philadelphia, you could say that the figures in that statement were substantially correct?

A. Pretty generally so.

Q. Pretty generally so?

A. Yes.

Q. The first year covered in that statement was 1901, was it not?

A. I think so.

Q. State the several concerns that were making tin plate in the United States in the year 1900, and what their capacity was in tonnage, and what percentage each of them produced in comparison with the whole of the tin plate produced by all the manufacturers for that year in the United States.

A. I would not attempt to answer the question.

Q. Would you attempt to state what concerns at that time were making tin plates in the United States? If so, just name them all.

A. I would not attempt to do that.

Q. Have you any idea sufficiently correct to justify you in answering that question? If so, I would like to have you answer it.

A. I would rather not.

Q. Have you sufficient information to justify you answering what the amount of tonnage of tin plate made by each of those manufacturers in that year was?

A. No, sir.

Q. Or the percentage made by each of them?

A. No.

Q. The only one, as I understand from your cross examination, who had any thing to do in the preparation of that statement was yourself and this man that went to Philadelphia; is that correct or not?

A. And the officials of the American Sheet & Tin Plate Company. They were directly in charge of it.

Q. Where were they?

A. Pittsburgh.

Q. They were in Pittsburgh?

A. Yes.

Q. Was not that paper prepared in the comptroller's office?

A. Not that paper; no, sir. I do not know whether this young man visited the comptroller's office in connection with that paper or not.

Q. If it was prepared there, you do not know it?

A. I do not know.

Q. You were asked: "From your knowledge of the tin plate business would you say as to whether that is substantially a correct statement?

"A. I should say that it is.

"Q. In what office was this prepared? In the comptroller's office, the comptroller of the Steel Corporation?

"A. Yes, Mr. Filbert's office."

Now, your recollection is different, is it?

A. I would like to correct that.

Q. You do not stand by that answer there?

A. I think there were two statements. If the statement I have in mind gives the names and capacities of various companies, then that statement was prepared by the American Sheet & Tin Plate Company and by Mr. Marks, who was the statistician.

Q. I am asking you about the same statement that Mr. Severance questioned you about, which was introduced in evidence as Exhibit No. 47, and the one that I referred to in quoting the questions and answers.

A. I do not recall—

MR. SEVERANCE: Judge Dickinson, will you—

MR. DICKINSON: Let him answer.

MR. SEVERANCE: No, we will not let him answer.

MR. DICKINSON: Put that down.

MR. SEVERANCE: Put it down, that I ask leave to call counsel's attention to the fact that Mr. Farrell states that he is speaking of a different statement, that he has been testifying with reference to a different statement than the one to which his attention is now specifically called. Counsel did not show him the statement. Would you mind showing him Exhibit 47, to see whether that is the one he is referring to or not?

MR. DICKINSON: I will proceed in my own way and without any help from opposite counsel except in the way of proper exceptions, which of course I do not object to.

MR. SEVERANCE: Yes, and I think it is a proper exception. I request counsel to show the witness Exhibit 47 so he will know which exhibit it is he is being interrogated about. It is apparent that he did not understand the exhibit you were speaking about, from what he said. He stated there were two papers. Do I understand counsel declines to do that?

MR. DICKINSON: I decline to follow the instructions of opposite counsel as to the way I shall develop my case.

MR. SEVERANCE: I would not assume to give any instructions. I am making a request in as polite a way as I know how.

MR. DICKINSON: Then I will politely decline it now.

MR. SEVERANCE: Very good; the record so states.

By MR. DICKINSON:

Q. When you were asked in your direct examination in regard to a comparative statement of the production of tin plate by the United States Steel Corporation and all other manufacturers in the United States in 1901 and in 1911, including the export tonnage in 1911 and the imports in both years, to what statement were you referring?

A. To a statement compiled in the comptroller's office—

MR. SEVERANCE: Just a moment. I want to interpose an objection to that question. Will you read the question?

(The question was repeated by the stenographer.)

MR. SEVERANCE: Go ahead.

MR. DICKINSON: What was the answer?

(The answer was repeated by the stenographer.)

THE WITNESS: My answer is confused with another statement altogether.

By MR. DICKINSON:

Q. What other statement?

A. The statement prepared by the statistician of the American Sheet & Tin Plate Company, giving the names of companies and their estimated capacities, and so forth. That was the statement. Without these exhibits in front of me here, I can not possibly remember Exhibit 47 or Exhibit 427.

Q. I never asked you to remember the exhibit. You say there was another statement prepared by the American Sheet & Tin Plate Company?

A. A statement prepared for my information.

Q. For your information?

A. Yes.

Q. Was that the statement in regard to which this gentleman went to Philadelphia and compared it with Swank's statistics?

A. Yes.

Q. Where is that statement?

A. I believe he took it back to Pittsburgh with him; I am not certain as to where it is now. I looked it over. It may be in my office; I can not tell.

Q. What was that statement?

A. A statement showing the names of tin plate companies, and the names of sheet steel companies, giving their location, the character of their product, and their estimated capacities.

Q. For what years?

A. I am not certain, but I think for 1901, 1910 and 1912; that is my recollection.

Q. It did not include 1911?

A. I presume it did. I do not know that it did.

Q. Did you yourself compare either of these statements, either Exhibit 47 or the one that was prepared by the Sheet & Tin Plate Company with the original figures from which these composite figures were made up?

A. Only in a general way; not carefully. As I said before, there were some names on the sheet that I was not familiar with.

Q. Were your answers in your direct examination based on that paper?

A. No sir.

Q. Not at all?

A. No sir.

Q. They were based altogether on exhibit No. 47?

A. I do not know what that paper is.

Q. The title of it is:

"Comparative statement of production of tin plate by United States Steel Corporation and all other manufacturers in the United States in the calendar year 1901."

And then the next sheet:

"Comparative statement of production of tin plate by United States Steel Corporation and all other manufacturers in the United States for the calendar year 1911."

A. May I see the exhibit?

Q. Yes sir; I will show it to you (handing paper to the witness.)

MR. SEVERANCE: I object to that question as very indefinite. It does not point out to the witness what answers on direct examination counsel refers to. Do you mean the ones you have read to him?

MR. DICKINSON: I will put it that way.

By MR. DICKINSON:

Q. I will make my questions apply to the questions that I have read to you from your direct examination.

A. I thought my answer was clear on that.

Q. You mean that the answers you made in your direct examination as to the tin plate business and the figures and estimates in regard to it referred to this statement here?

A. That is my recollection.

Q. How was that statement prepared—this exhibit No. 17 that has just been shown you?

A. I believe it was prepared in our Comptroller's office. Mr. Perley had charge of the work for me; he is one of my assistants.

Q. These are composite figures, are they not?

A. Yes sir.

Q. And they are made up of detailed figures, are they not?

A. Yes sir.

Q. Did you compare these with the detail figures?

A. No sir.

Q. Then you have accepted it as made up from the comptroller's office?

A. I considered it accurate, or rather substantially correct, because of my general knowledge of the business, and what goes to make up those statements.

Q. Is that general knowledge of the business such that independently of the information derived by you through this paper from the comptroller's office you could give in tons and

percentages, substantially accurate estimates for the years 1901 and 1911, as set out here?

A. I would not attempt to give substantially accurate statements on that.

Q. Then, in assuming that this is substantially an accurate statement you base it upon your reliance on the information that you got from the comptroller's office?

A. Naturally. They compiled that information and I have general knowledge of the business, and if there was any glaring error in it I believe I could point it out, as I frequently do when they bring me figures. They frequently bring figures to me and I say: "That connot be right."

Q. That is speaking in a general way, is it not? That is speaking in a large way, is it not?

A. In a general way.

Q. In a general way?

A. Yes.

MR. DICKINSON: I except to Mr. Farrell's testimony in respect to the figures shown on Exhibit No. 47. I except to exhibit No. 47 being introduced in evidence upon the ground that it is hearsay and secondary evidence and incompetent.

MR. SEVERANCE: You have that same exception, Judge, on page 7279.

By MR. DICKINSON:

Q. Mr. Farrell, did you have any familiarity with the tin plate business in 1901?

A. I had a number of friends engaged in the business.

Q. But I mean such familiarity that you kept the run of prices and production by the several concerns and production by the whole United States, either in tonnages or relative percentages?

A. I had been accustomed to keeping myself informed about the progress of various lines of business, and the statistical position.

Q. Did you have such information as of that time, that you now can recall by recollection the information so as to enable you to speak with any degree of substantial accuracy in regard to the production of tin plate in the year 1901, or the tonnages or percentages?

A. In 1901?

Q. Yes.

A. Not entirely of my own information.

Q. Mr. Farrell, in 1906, did the United States Steel Corporation use all of its black plate, or did it sell some in the trade?

A. My recollection is that we have always been sellers of black plate.

Q. What was the tonnage of black plate for tinning produced in 1906 by independents—the percentages as compared with all produced in the United States?

A. For their own consumption; for their own works?

Q. I am speaking of independents, now.

A. You are speaking of other companies, I know; but do you mean for their own consumption?

Q. I will strike that out. It may be a little awkward. I will put the question this way:

What percentage of the black plate for tinning produced in 1906 was produced by the United States Steel Corporation?

A. That is rather a complex question, because as a general rule the companies produced the tin plate for their own consumption; that is, they rolled the black plate and tinned it in their own works.

Q. What percentage of the black plate for tinning which was produced in 1906 did the United States Steel Corporation produce, as compared with the whole production in that article in the United States for the year 1906?

A. Well, we would have to analyze that question a little bit, because black plate is a commodity used for a great many purposes.

Q. Well, take black plate for all purposes; what percentage of all produced in the United States for the year 1906 was produced by the Corporation?

A. I would not attempt to state.

Q. How about the year 1905?

A. The same answer.

Q. You stated that black plate was used for other purposes; for what purpose other than tinning was it used?

A. Galvanizing.

MR. DICKINSON: Mr. Severance, I am going to ask him from page 7280.

By MR. DICKINSON:

Q. The following questions were put to you, and you made the following answers:

"Look at the page which has the 1911 business. (Referring to Exhibit 47.) "I see that there is an exportation of 62,307 tons of tin plate?

"A. Yes.

"Q. By the Steel Corporation, and none exported by anyone else?

"A. No."

Is that a composite figure?

A. It is the total of the exports.

Q. The total of the exports?

A. Of the Steel Corporation for that year.

Q. Made up from other papers than those before you, in the comptroller's office?

A. No, of course it would come into the comptroller's office, but other than that we would have a record in the Products Company.

Q. You always had these reports from the comptroller's office?

A. I had reports daily and weekly and monthly from the Products Company on all the commodities that they exported.

Q. But you did not compile either sheet of this yourself?

A. No; I did not actually compile it, but I had a substantial knowledge of its contents; I was familiar with the contents.

Q. What was the export tonnage of tin plate by the United States Steel Corporation in the year 1909?

A. I would not attempt to say accurately.

Q. 1908?

A. I would not say as to the tons.

Q. Is black plate for tinning a commercial product?

A. There are three consumers of black plate in this country, dipperies, as we call them, one at Wheeling, West Virginia, one at Washington, West Virginia, and I think one in Pittsburgh.

Q. Then black plate is a commercial product?

A. It has a small consumption. Of course these people generally develop into tin plate manufacturers, a great many of these companies start in a small way. For instance, Follansbee Brothers were originally dipperies. Now they have a large tin plate and steel works.

Q. You were asked in regard to manufacturers other than the United States Steel Corporation selling in the foreign trade in 1911. Were there any others?

A. Was I asked that question?

Q. Yes; you were asked that question in this way. You were asked about the exportation by the Steel Corporation and you gave the number of tons. Then this question was put to you:

"By the Steel Corporation, and none exported by anyone else?"

And you answered "No."

So upon that I base the statement that you were asked as to manufacturers of tin plate other than the Steel Corporation selling in the foreign trade in the year 1911. Now please state whether or not manufacturers other than the Steel Corporation were engaged in the domestic trade during that year.

A. Were engaged in domestic trade?

Q. Yes.

A. There were quite a large number of other manufacturers engaged in the domestic trade.

Q. In what part of the United States were they selling?

A. Pretty well all over the country; concerns like the Phillips Sheet & Tin Plate Company, the McKeesport Tin Plate Company and Jones & Laughlin.

Q. Did you have competition with them all over the country?

A. Yes.

Q. Did you have it up to the Canadian line?

A. I believe we did, yes.

Q. And down to the Mexican line?

A. Well, wherever tin plate is consumed in the country.

Q. But none in that year in foreign business?

A. To the best of my recollection there was no tin plate exported, unless it was some tin plate sent into Canada.

Q. You mean exported by whom?

A. By our competitors.

Q. By your competitors?

A. Yes.

Q. You stated, however——

A. Now, did I state it?

Q. I will see whether you did or not.

MR. SEVERANCE: Suppose you read the first part of that.

By MR. DICKINSON:

Q. Before I do that I will ask you whether or not you have any knowledge that any of your competitors in the year 1911 sold tin plate in Canada.

A. I do not recall that they did, but I know we had competition with them on business, and have had competition with them for two or three years past on some Canadian business. There have been a number of concerns with plants in the United States who established industries in the last few years in Canada.

Q. Would you call Canada a foreign country?

A. Why, certainly.

Q. Then I will now read what you were asked, and what you answered.

"Q. Look at that page that has the 1911 business. I see that there is an exportation of 62,307 tons of tin plate.

"A. Yes.

"Q. By the Steel Corporation, and none exported by anyone else.

"A. No.

Now, does not that include everything outside of the United States?

A. Yes.

Q. Then, in 1911 you say you had competition?

A. Yes.

Q. By independents in every part of the United States where tin was used, but nowhere outside?

A. That is to the best of my knowledge and belief. I do not know of any instance where any of our competitors sold material in other countries. They were not seeking that class of business.

Q. Mr. Farrell, I show you Government Exhibit No. 329,

Volume VII of Government Exhibits, and ask you to look at these statistics which are made up by Mr. Swank under the heading "Black Plates for Tinning included with plates and sheets." This refers to the production by the subsidiary companies of the Corporation, and ask whether under that he includes all the black plates.

MR. SEVERANCE: What page is it?

THE WITNESS: 2119, or rather the next page.

MR. SEVERANCE: You are calling his attention to this reference to black plates?

By MR. DICKINSON:

Q. Yes; I want to know if that includes all the black plate produced by the subsidiaries of the Corporation.

A. Not necessarily.

Q. Not necessarily?

A. Black plates for tinning are a product of a tin mill; they may be sold to people and they may not use them for that purpose at all; they may use them for deep stamping, or something else.

Q. Does that show the total production?

A. It says here "Black plates for tinning, included with plates and sheets."

Q. But do you know whether the Corporation produced any black plates, other than those which go in to make up those aggregates there?

A. I can not tell.

Q. You can not tell?

A. No.

Q. State whether or not, from the tonnages there given, you can say whether or not it includes only black plates for dipping, and not the other kind to which you refer?

A. "Black plates for tinning, included with plates and sheets."

Q. Now, I ask you to look at the figures.

A. If I were compiling statistics, I would not use a caption of that kind. It is like some of the Treasury Department captions for some of their exports, where they include boiler plates and thin gauge sheets as sheets.

Q. Then you can not answer my question?

A. Not intelligently; not to my own satisfaction.

Q. What was the percentage of production by the American Sheet & Tin Plate Company in the year 1910 as compared with the total production of the United States for that time?

A. Approximately?

Q. Well, you can answer it any way you please. You heard the question. I do not want to direct how you shall answer it, other than to answer the question.

A. Somewhere between 54 and 56 or 58 per cent.

Q. Somewhere between 54 and 58 per cent?

A. Somewhere between there.

Q. Take for the year 1911.

A. About 55 or 56 per cent.

MR. SEVERANCE: Are you asking about black plate?

THE WITNESS: Tin plate.

By MR. DICKINSON:

Q. Tin plate. Was it more in 1911 than it was in 1910?

A. I think there was about one per cent difference.

Q. Which way?

A. I think it was less in 1911.

Q. It was less?

A. I think it was less in 1911 than in 1910.

Q. Than in 1910?

A. That in my recollection.

Q. Can you give it for 1909?

A. Not out of my mind, no, sir.

Q. What?

A. I can not recall it.

Q. Were you giving the entire product both domestic and foreign, or just domestic, or which?

A. I should think that would include their output.

Q. Both domestic and foreign?

A. Yes.

Q. Mr. Farrell, will you give for the year 1908 the percentage of production of tin plate by the United States Steel Corporation, as compared with the entire production for that year in the United States?

A. Judge, I have stated many times, in connection with my testimony concerning these exhibits, that where they were prepared by other people, I have necessarily been obliged to say that I have only a substantial knowledge of them; that I am familiar with the business and familiar with them; and if the question were asked a great many times, that is the only answer I could make.

Q. Is that all the answer you desire to make to that question?

A. Yes, sir.

Q. Well, then, speaking independently of having this exhibit before you, or having figures before you for any of these years, you might be several percentages off one way or the other, just speaking from general knowledge, might you not?

A. Out of my mind.

Q. Yes, that is what I say.

MR. DICKINSON: I except to the testimony of Mr. Farrell with regard to Exhibit No. 47, and I except to the exhibit as evidence, on the ground that it is secondary and hearsay and incompetent.

Mr. Severance, I am about to refer to Volume 55, page 7333 of the typewritten testimony.

By MR. DICKINSON:

Q. Mr. Farrell, give the locations of the American Bridge Company's plants in the United States in the year 1911.

A. Brooklyn; Trenton, New Jersey; Elmira, New York; the Pencoyd plant at Manayunk, Philadelphia; Edgemoor, Delaware; Toledo, Ohio; Ambridge, Pennsylvania; Minneapolis, and two in Chicago.

Q. You had nothing west of Minneapolis?

A. Not to my recollection.

Q. Did the American Bridge Company do business in that year all over the United States or not?

A. They attempted to. I presume in some instances they did.

Q. Generally, since the formation of the Corporation, have they been doing a business all over the United States?

A. Wherever the geographical position of their plants enabled them to do so, on the question of freights.

Q. Is it not also a question of economy and cost of production, enabling them to do business?

A. That is one of the elements.

Q. And they, on that account, do it further than their competitors or not?

A. I do not consider that they did, since their production is only about 700,000 tons as compared with their competitors' of about 1,700,000.

Q. What year are you speaking of now?

A. 1912.

Q. How about 1902? Did they do business generally all over the United States?

A. No; I don't think they did. They were producing then about 40 per cent of the country's production in bridge material.

Q. Where did you get that information?

A. I got that information from the American Bridge Company.

MR. DICKINSON: We except to that.

THE WITNESS: And from my own knowledge of the situation.

MR. SEVERANCE: What year was that, Judge?

MR. DICKINSON: 1902.

By MR. DICKINSON:

Q. How much of that information which you have just given, the percentage in 1902, was based upon your own knowledge, and how much was based upon information you got from the American Bridge Company?

A. Well, I could not dissect it, as to what the exact percentages were.

Q. Let us try and see if we cannot dissect it. What concerns in 1902 were selling in competition with the American Bridge Company? Give their names, their products in tonnage and the percentage done by each of them, of the whole product of the United States in that year.

A. I would not attempt to reply to that question in the detail that is necessary from the character of the question.

Q. What information did you get on that subject from the American Bridge Company?

A. Information from time to time from the officials of the American Bridge Company.

Q. What kind of information?

A. Data.

Q. What kind of data?

A. Statements.

Q. What kind of statements? What did they cover? What did they embrace?

A. They covered the names of their competitors, and the location of their plants.

Q. And you base that answer partly upon data or statements derived from the American Bridge Company?

A. And partly from my own knowledge.

Q. I know, but I am on that part of it now: partly from data and statements derived from the American Bridge Company in which they gave the names of their competitors? Now, did you have any such statements for the year 1902, or are you only going on your general idea as to what the percentage was?

A. I think I have a statement covering 1902. I have statements covering a number of years. I do not recall, without looking at my papers.

Q. When were those statements covering 1902 furnished to you?

A. I do not exactly recall. It was some time ago.

Q. Just show what they embraced?

A. They embraced, in a general way, the names of the concerns, the character of their product, and their estimated capacity.

Q. For the year 1902?

A. I am not exactly clear as to that.

Q. That is the year I am asking about, Mr. Farrell, and that is the year concerning which you gave the percentages.

A. Well, it is possible. I do not recall. I would not want to definitely state whether it was 1901, 1902 or 1903.

Q. Then you cannot say positively?

A. I believe it was 1902.

Q. Did you have one for 1903?

A. No, sir.

Q. What percentage in 1903 of the total product of the United States was produced by the American Bridge Company?

A. I cannot answer that question.

Q. Well now, how about 1904?

A. I cannot answer that question. The last data I had from the American Bridge Company showed that their capacity was about 750,000 tons, I think, as compared with 1,700,000 tons on the part of their competitors.

Q. Is that all that it showed?

A. That was the result of the compilation of data.

Q. Was it from that you arrived at the results of percentages that you have given?

A. Well, partly.

Q. To what extent did you arrive at it from that data?

A. Well, I should say in a general way that my information was based on that.

MR. DICKINSON: Then I except to the answer on the ground first, that it was volunteered and not responsive, on the second ground that it is hearsay, secondary evidence and incompetent.

MR. SEVERANCE: You state as one of your exceptions that it was not asked for, that it was not responsive to the question? I thought it was responsive, and I think you asked for the information.

MR. DICKINSON: No, I never asked for the percentage; he gave that himself for that year.

By MR. DICKINSON:

Q. You have spoken of a zone business?

A. Yes.

Q. When you speak of a zone and the trade in respect to it controlled by the freight rate, was there not always an overlapping territory in which competitors met, some going a little farther one way at one time, and some going a little farther away at another time?

A. It depends entirely on the policy of the company doing business. Some people, if they were anxious to make more profit and do a little less business, would confine their business to the locality contiguous to their plants, where some

other competitor might have more freight to pay; other people are more ambitious and like to proceed on a larger scale, and they may absorb considerable freight and ship.

Q. And then, they got out of what you generally define as the zone business?

A. The zone is only used as a term.

Q. There is no such hard and fast rule in economics that just right up to one geographical point one does business and the other on the other side stops just at that point, and when they bump together they quit?

A. No, it is always measured by the policy and the desire to do more business.

Q. It shifts back and forth to some extent?

A. To some extent.

Q. There is a sort of neutral territory in between where there is common ground, is there not, which changes as conditions change?

A. More or less.

Q. You were asked, Mr. Farrell, in regard to railway bridge work being secured by competitive business, Volume 55, page 7343:

"Q. How do you secure railway bridges, are they by competitive bids?

"A. Always.

"Q. Always by competitive bids?

"A. Always by competitive bids."

Mr. Farrell, are there any railroad companies whose bridges you, during the period from 1904 to 1910 inclusive, built or for which you furnished material without competition?

A. Not that I recall.

Q. Don't you know, Mr. Farrell, that the American Bridge Company had with the Harriman Lines minimum contracts in respect to such work at various times from 1904 to 1910?

A. Those contracts were based on the market price of material, and I think in a general way were what we call convenience contracts. That is, the railroads ordered a good many small bridges, and the prices, as I stated the other day, were the average prices quoted in the Iron Age for plain material.

Q. Were those contracts with the Harriman Lines that you refer to the result of competitive bidding?

A. Some of the work would not be, no, but I think the bulk of the work of any consequence on the Harriman Lines was competitive bidding; that is, anything that amounted to anything, but the Harriman Lines constitute a very large system, with railroads in this country and Mexico.

Q. What would you call a small tonnage, where there would be no competitive bidding?

A. Well, I should call a twenty or thirty foot span, or a span across a culvert.

Q. How many tons? Give us some idea.

A. Five or ten, or fifteen tons, or two tons

Q. Such work as that you say——

A. Was covered under this quantity contract.

Q. Under this quantity contract?

A. Yes.

Q. And for that there would be no competitive bidding?

A. I am not certain about that.

Q. You are not certain about that?

A. Because I do not know; the Harriman Lines had their purchasing agents all over the country, and they had some latitude, I suppose, and may have bought some stuff locally. I do not know.

Q. However it may be as to that small character of work as to which there may not have been competitive bidding, I understand you to say as to the larger work that there was competitive bidding?

A. The contract that the Harriman Lines had on bridges and other commodities which I explained the other day, was a sort of a call contract. I do not understand there was anything in the contract which necessitated their buying all their material from us at all.

Q. No, but when those contracts were made, were they let on a competitive basis? In other words, did anybody else, knowing what those contracts were going to contain, and the specifications or details or the conditions of them, bid against you, or did you get those contracts under competitive bidding?

A. I am inclined to think there was a great deal of that, my impression is with respect to the bridge business, as applied to the Harriman Lines.

Q. I will ask you about this particular contract appearing in Government Exhibit 421, Volume X, page 2513.

"New York, December 30, 1904.

"Mr. W. V. S. Thorne,
Director of Purchases,
120 Broadway, New York City.

"Dear Sir:

"We hereby agree to furnish to the Union Pacific Railroad Company, Oregon Short Line Railroad Company, The Oregon Railroad & Navigation Company, Southern Pacific Company, The Chicago & Alton Railway Company, and The Kansas City Southern Railway Company, or any of their present or future associated or proprietary companies, such Railway Steel Structures of the kinds mentioned on Schedule A, attached, as they may require for their use, in accordance with detailed instructions for each individual order we may receive from the General Manager of the Railroad Company concerned in regard to details of construction, shipping directions, inspection, method of making out and forwarding bills, bills of lading, inspection certificates, etc., under the terms and conditions named below.

"It is understood that all of this material will be furnished in accordance with the Railroad Companies' Specification C. S. 1006 for Steel Railway Structures, attached, and also in accordance with directions to be furnished by the Railroad Companies.

"It is understood that so far as practicable bridges ordered will conform with the Railroad Companies' Common Standard Drawings, of which we have negative prints, where it is practicable to use such lengths and types of bridges, but that in case special designs different from these are required to meet special conditions, the Railroad Companies will furnish additional drawings to indicate what is desired.

"It is understood that we shall be expected to make shipment of this material very promptly, and further that we

will use our every endeavor to meet the requirements, in each specific case, of the General Managers making the applications against this agreement.

"Under the terms of this agreement it is understood that the Railroad Companies will purchase from us an aggregate minimum amount of at least twelve thousand (12,000) net tons of railway steel structures, and such additional tonnage up to twenty-five thousand (25,000) net tons as they may desire to specify to us under the same terms and conditions during the calendar year 1905."

Now, unless you want me to read further, I will not do so.

MR. SEVERANCE: Yes, read further on from there.

MR. DICKINSON: Then I will read right along.

By MR. DICKINSON:

Q. (Reading):

"If at any time when material is ordered from the mills for the work mentioned herein the market prices for beams and channels shall be less than 1.40c. per pound, base, Pittsburg delivery, then the price to be paid to us for the work hereunder shall be correspondingly reduced; but in no event shall the price to be paid us for the work herein mentioned be increased notwithstanding the said contractor at the time of purchasing materials during the calendar year 1905 for the work herein may be required to pay a price therefor in excess of the present market prices of materials.

"Terms of payment are to be net cash thirty days from date of invoice, and it is understood that the invoices will be paid at the local general offices of the Railroad Companies concerned.

"All correspondence in connection with the general conditions of this agreement should be addressed to us at 100 Broadway, New York City, and all correspondence in regard to engineering features, details, etc., should be addressed to Mr. August Ziesing, Vice President, American Bridge Company, of New York, 1315 Monadnock Block, Chicago, Ill.

"The prices named in Schedule A are made for the material F. O. B. Cars at the points named, with the understanding that the Railroad Companies' men will erect the structures.

"In case it is desired that our Company's men should erect any of these structures, as we understand we should probably be asked to do in case of some of the tonnage required for the Chicago & Alton Railway Company, and possibly in the case of some required for the Kansas City Southern Railway Company, we will do this work at prices to be mutually agreed upon if possible with the general managers concerned, with the understanding that the Railroad Companies will furnish, free of charge to us, the necessary transportation for our men and tools over their lines, and with the further provision that there will be no usual conditions affecting the erection."

That must be "unusual." Do you not think it must be a misprint, Mr. Severance?

MR. SEVERANCE: Yes, I imagine it must be.

MR. DICKINSON: I will read it that way, if you do not object, "no unusual conditions affecting the erection."

Shall I read any further?

MR. SEVERANCE: That is enough. The rest is formal.

By MR. DICKINSON:

Q. Now, do you say, Mr. Farrell, that that contract was awarded under competitive conditions, and that the competitors of the United States Steel Corporation had an opportunity for bidding on it?

A. I am perfectly satisfied they had an opportunity to compete in the beginning for such a contract. Furthermore, it only calls for an insignificant amount of the total requirements of the Harriman Lines, and resolves itself into selling them the steel, because you can see from the verbiage of the contract that they are doing the work themselves.

Q. They are only erecting it.

A. I know, but that is an important part of the work.

Q. But they may call on you to erect some of it?

A. They might, yes, sir.

Q. You started out by saying that they had an opportunity. Do you know whether they did or did not, of your own knowledge?

A. I believe they would, because from my knowledge of the ability and the acumen of the purchasing agent of the Harriman Lines, he would not give the United States Steel Corporation subsidiary a contract without pretty well thrashing the market out and getting the atmosphere of other people's prices and conditions.

Q. Is that what you call competitive bidding?

A. In the first instance.

Q. You base that, however, upon your belief in the acumen of Mr. Thorne?

A. Yes.

Q. You do not state it as of any knowledge?

A. Well, my knowledge and contact with him, as a buyer. I have had many negotiations with him, and he is a pretty able buyer.

Q. But do you profess to have any knowledge of the particular fact as to whether these contracts were subjected to competitive bidding—I mean knowledge, now, not faith in Mr. Thorne, or general business ideas, but knowledge of the fact?

A. It is a small business, you know; ten or fifteen thousand tons of material a year for the Harriman Lines is a small business. For instance, the Willamette River Bridge that we competed on here a short time ago, calling for eight or ten thousand tons of material, if a contract of that kind was applied against that particular contract, it would absorb the whole thing, and then they could not get their little ten and twenty foot bridges for their culverts, and all that sort of thing.

Q. Admitting all that, and the acumen of Mr. Thorne, do you profess to have any positive knowledge on the subject as to whether or not this contract was the result of competitive bidding?

A. I am satisfied that that contract was completed by Mr. Thorne after he had sought figures and bids from other people.

Q. Do you know whether he did or did not?

A. I have dealt a good many years with Mr. Thorne, and naturally one is apt to form an idea as to his modus operandi.

Q. Yes, I do not question your idea or your thought as to the modus operandi, or your appreciation of Mr. Thorne, but

I am merely asking if you have any knowledge yourself as to the question whether or not this contract was the subject matter of competitive bidding. If so, just state how you got it and when you got it.

A. Well, I do not see the importance of it. It is a mighty small business you are talking about. It is not the same as a railroad like the C., B. & Q., buying 50,000 or 60,000 tons of bridge material. Here is a little annual order for ten or fifteen thousand tons of material going to the largest railway system in the country, who might use the whole quantity in one bridge.

Q. Well, it is important enough for me to ask you to answer the question. Will you answer the question?

A. Please have the reporter state it again.

(The stenographer repeated the pending question.)

A. My recollection is that it was; because at the time this form of contract was evolved— I will call it evolved— by Mr. Thorne, it was looked upon as a sort of a one-sided business in which the manufacturer had the best of it over the period of time; and of course those contracts only covered a moderate quantity of material.

Q. At that time in what business were you engaged?

A. What was the year?

Q. 1904.

A. I was President of the United States Steel Products Company.

Q. Did the United States Steel Products Company have anything to do with the domestic sales of the American Bridge Company in 1904?

A. We were very familiar with that business, because we were bidding with the Union Pacific people for the Sonora Railway work, and the bridges for the railway extending from Guaymas to Manzanillo, in Mexico, and that was all competitive work, and there was so little of this business that they did not consider it worth while applying any of that Mexican Railway bridge business against their contract.

Q. Did you know when this contract was made at the time it was made?

A. The gentleman that made that contract, I think, was C. W. Bryan, chief mechanical engineer of the American

Bridge Company, and he was in Mr. Thorne's office the day that I was there on my part of the work.

Q. What day was that?

A. I would like to remember, Judge, but I do not recall?

Q. But you do recall that on a particular day you did meet him there?

A. Yes, sir; in Mr. Thorne's office. It was then in the Equitable Building here, that burned down.

Q. Did you see this contract?

A. Mr. Bryan was talking to Mr. Williams about his part of the business, Mr. Williams being Mr. Thorne's assistant. I was talking with Mr Thorne about my part of the business.

Q. Did you see this contract?

A I am rather inclined to think, now, that I did, Judge.

Q. Had the contract been made then?

A. I think that Mr. Bryan had that contract with him at the time. I am not going to make a definite statement that I held that contract in my hand or read it; but it was necessary for him to have the instrument with him in order to conduct his dealings.

Q. In order that it might be signed up?

A. Not necessarily, no.

Q. In order for what in connection with it?

A. Well, you know, you seldom complete a contract during the first negotiations.

Q. At what stage was this particular negotiation when you were there?

A. Probably in the substantial stage, because it was sufficiently interesting for the chief engineer of the American Bridge Company to be over there and interest himself in it rather than send a salesman over there.

Q. Had it got to the point, then, of being closed, or in process of being closed?

A. I do not know about that.

Q. You do not know that?

A. I do not.

Q. What point had it reached in the process of negotiation according to your recollection?

A. I have no information on that subject, Judge.

Q. If there had been competitive bids before that, you do not know anything about it?

A. I know that the work I was over there on was very competitive.

Q. I know, but I am talking about this: It had reached the stage, as I understand, that you think the contract was there. Do you know what took place prior to that date?

A. No, sir.

Q. Do you know whether it had been submitted to competitive bids?

A. There was talk about it.

Q. When was it talked about?

A. In the general sales managers' meetings; the character of the contract was discussed.

Q. In the general sales managers' meeting?

A. (Continuing) Because that contract, as was brought out the other day, was a sort of a general form of contract that they had for other commodities besides bridges, and they had it for wire products, they had it for other commodities, as a convenient contract. These people had probably a thousand store keepers, so called, on their lines in charge of supplies, and they all had copies of these contracts, and probably fifty or sixty other people had copies of them,—everybody in our company and everybody concerned with the purchase or supply department of the Harriman Lines knew all about them, and when they wanted ten coils of telegraph wire they simply ordered it against the contract.

Q. In that general sales managers' meeting were you discussing the forms of these contracts?

A. No, sir.

Q. What were you discussing?

A. Because the form was a form that was entirely evolved by Mr. W. V. S. Thorne.

Q. Were you discussing the substance of them?

A. The general character of the contracts.

Q. I mean the substance of the particular contract?

A. It was a sort of unique thing; and if we could carry that business in that way it would simplify our business very much.

Q. But do you recall any discussion as to the particulars of this contract at any time?

A. No, sir.

Q. Have you any knowledge except what you may have heard in these general statements made there that this contract was the result of competitive bidding?

A. Nothing further than what was discussed from time to time there.

Q. Did you hear, in that discussion, anybody distinctly state that this particular contract with the Harriman Company had been awarded under competitive bidding?

A. It was generally stated that the contract was very much sought after. To what extent it was competitive, or who bid on it I do not know; but it is pretty certain that it was pretty carefully considered before the contract was given out.

Q. You said it was sought after?

A. Yes; by our competitors.

Q. Was any other term or expression used at that time which threw any light upon its character?

A. Not that I recall, no.

Q. So, upon the recollection or the statement that this contract was sought after, you assumed that it had been awarded, or was awarded under competitive bidding?

A. Yes; at the same time it was not a contract that we thought very much about. It was a small contract.

Q. But you thought enough about it to remember this particular one?

A. Because of the character and uniqueness of the contract.

Q. Now, Mr. Farrell, I would like to have you produce the contract or contracts between the Harriman Lines or W. V. S. Thorne and the American Bridge Company, whereby at times during the period of 1904 to 1910, inclusive, the Harriman Lines have been given discounts as to price; and at the same time produce the correspondence between the American Bridge Company and the Harriman Lines or W. V. S. Thorne relating to said contract, and especially a certain letter from one of the engineers of the Harriman Lines, in which Engineer Isaacs, in discussing the American Bridge Company contract says that he "prefers the system which existed prior to

said contract in which there was an open market for such work." Will you produce such papers?

MR. SEVERANCE: I do not know. We will look and see if we have got them. Have you got them in your possession, or have you got copies of them?

MR. DICKINSON: No, I have not; if I had I would not ask him to produce them.

MR. SEVERANCE: If you will let us have your copies—you evidently must have a copy, as you are quoting from it, we can fix the date. What is the date of the letter you are quoting from?

MR. COLTON: I do not know the exact date, but if you produce the same contracts that were produced before, it will be there.

MR. SEVERANCE: Produced when?

MR. COLTON: It was produced three or four months ago.

MR. SEVERANCE: You mean some that you have been looking over?

MR. COLTON: Yes, the Harriman Line contracts.

MR. SEVERANCE: You have got two in here.

MR. COLTON: Yes, in the reply to our request or subpoena. We did not put them all in; they were too voluminous.

MR. SEVERANCE: You simply want us again to produce the same contracts that we have heretofore produced at your request.

MR. DICKINSON: Those mentioned here we want produced, of that description.

MR. SEVERANCE: Better write us out a list.

MR. COLTON: The list is right there. It is in the record.

MR. SEVERANCE: But Mr. Farrell cannot very well carry it in his mind.

MR. COLTON: The stenographer can make a copy of it and give it to Mr. Farrell.

By MR. DICKINSON:

Q. Name all of the competitors the American Sheet Steel Company had in 1900, and give their capacities, where they were located and what they sold.

A. I can name a great many of the competitors.

Q. In the year 1900?

A. Yes.

Q. And what their capacities were and where they were located and what they sold. Please do so, will you?

A. J. Wood & Company, Conshohocken, Pennsylvania, sheet; McCullough Iron Company, Wilmington, Delaware

Q. Will you name the kind of sheets each time?

A. In the first case, J. Wood & Company, black sheet; McCullough Iron Company, Wilmington, Delaware, galvanized sheets; Marshallton Iron Company, Marshallton, Delaware, galvanized sheet; Zug & Company, Pittsburgh, black sheet; La Belle Iron Works, Wheeling, West Virginia, black and galvanized; and a number of others.

Q. Is that all you can name?

A. I said a number of others.

Q. I want you to name all you can.

A. Newport Rolling Mill Company, Newport, Kentucky, galvanized sheet; Portsmouth Rolling Mill Company, Portsmouth, Ohio, black sheet; Cleveland Steel Company, Cleveland, Ohio black sheet; and I think the Massillon Rolling Mill Company, of Massillon, Ohio, black sheet.

Q. Is that all you can name?

A. That is all I can name just now. In half an hour I might probably be able to name more. I do not mean to be irrelevant, but these things float through my mind, you know.

Q. How many were there in all?

A. Quite a good many.

Q. What would you say would be quite a good many?

A. Probably twenty.

Q. Are you sure that none of those just named by you were taken in the American Sheet Steel Company when it was formed in 1900?

A. Will you have the reporter read the list before I answer that.

Q. Before he does that, how many were there in 1901?

A. Two or three more.

Q. Two or three more than the number you last gave?

A. Yes, than in 1900.

Q. Now, name, in addition to those you have named for 1900, the additional ones there were in 1901.

A. There were two or three plants started along the Allegheny River, I do not recall the names of the plants.

Q. According to your best recollection, then, within a year after the organization there were two or three more formed than there were at the time of the organization, outside?

A. Yes, it was an easy business to go into; just a few stands of rolls and heating furnaces.

Q. Now you have answered these questions, of course, to the best of your recollection and knowledge that you carry in your mind?

A. Yes, and I know a good many of the superintendents of those plants.

Q. You were asked the following questions, at page 7346:

"Q. At the time it was formed did it have a large percentage of the sheet steel capacity of the country, or a small percentage? (That is, the American Sheet Steel Company.)

"A. Fairly large percentage.

"Q. Had that percentage changed between the time it was formed, in 1900, and 1901, when the Steel Corporation was formed?

"A Yes; very materially; the American Sheet Steel Company was formed in 1900, and at that time it had fifteen competitors. In 1901 it had twenty-eight, and at the present time it has thirty-six."

THE WITNESS: Thirty-six.

Q. Now, where did you get the information upon which the other day you answered that it had fifteen competitors in 1900 and twenty-eight in 1901?

A. From a good many sources. I had knowledge of a good many of those concerns starting in business.

Q. Then part of that answer was based on information received from others, was it not?

A Some of it, yes.

Q. And you have answered the questions I have asked you to the best of your knowledge that you carry in your head, independent of information you received from others, have you not?

A. As I have stated repeatedly, I have an intimate knowledge of the iron and steel business, and an acquaintance with the manufacturers in these various lines, and a general know-

ledge of the plants and their location, and who is going into business, and all that sort of thing.

Q. I understand, but you stated your answers given the other day were given partly from your general knowledge and partly from information received from others. Now, the answers you have given me today I have asked you for from a knowledge that you carry in your mind, independent of knowledge received from others.

A. From knowledge that I carry in my mind?

Q. Yes, and not from a recollection of what people may have told you, upon which you based your answers the other day.

A. I should say, as I told you, in that industry, it is largely upon knowledge I carry in my mind. I am more familiar with the sheet business than the tin-plate business.

Q. Then you testified from different knowledge to-day than you did the other day?

A. No, it is all relative.

Q. Then when you were asked to, and named nine competitors, and said there were two or three more that you could not name——

MR. SEVERANCE: He did not say that; he said there were several more, quite a good many, I think, was his expression. Or, "a number of others."

By MR. DICKINSON:

Q. About twenty in all. You answered to the best of your present knowledge, independent of the information of others did you not?

A. Substantially so.

Q. And when you said that there were two or three more added during the year 1901, that was from your knowledge, to the best of your knowledge, independent of the information of others, was it not?

A. I intended to say several, but you do not like that expression.

Q. Well, you said two or three. Do not answer what you think I like or do not like, of course, because I am not here to do anything except ask the questions, and I want you to so understand.

A. No, but you have criticised my answers, so I endeavor to employ language which meets with your approval.

Q. In 1901, basing it on the knowledge which you carry in your mind, as contradistinguished from that blended with information which you got from others, what would you say were the total number of competitors?

A. What was the total number?

Q. Yes.

A. According to our lists, there were 28.

Q. According to your lists, but I did not ask you to speak according to the lists, but to speak according to your knowledge, independently of the lists. What would you say?

A. Well, quite a good many more.

Q. More than [illegible]at?

A. More than 15 or 20.

Q. Quite a good many more than 15 or 20?

A. Yes.

Mr. Severance: What do you want him to say, that he knows his list is wrong? What is the point? You asked him to say what he knows, and he has just stated what he has already testified to.

Mr. Dickinson: I think I will let the inference come from my questions, without explaining the questions.

By Mr. Dickinson:

Q. What I am trying to get at is this: I would not say this if your counsel had not asked what I am trying to say. I want to get from you statements of your own recollection of information that you had at that time that you now carry your mind to and recall as an independent recollection, separated entirely from any reflection that your mind may give to statistics and figures prepared and given to you by others. Do you catch the distinction?

A. Clearly.

Q. In that way, do you have any independent recollection?

A. Yes, I have an independent recollection of the [illegible] that were in the manufacture of sheet steel in those earlier years.

Q. In the year 1900?

A. Yes, I knew quite a good many people who were superintendents and part proprietors in these works.

Q. Then I will ask you to give as of 1900 the names of all of those that you have an independent recollection of as being then in business and as being outside of the American Sheet Steel Company

A. In 1900?

Q. In 1900.

MR. SEVERANCE: Do you want him to repeat the list he has already given?

THE WITNESS: If the reporter will read the list I will answer your question.

By MR. DICKINSON:

Q. I will ask the reporter to read the list you gave, and ask if you can add anything to it from your independent recollection.

A. And as I understood it, you asked whether any of those concerns were taken into the Steel Corporation?

Q. No, I did not.

MR. SEVERANCE: You did ask it, and then withdrew it, I think.

By MR. DICKINSON:

Q. I asked the question and told you not to answer it, and cut it out. Now read the list, Mr. Reporter.

A. It is not necessary. I recall the names.

Q. Add to those which you have given any others which you now recall which you did not then give, that were independent in 1900 of the American Sheet Steel Company.

A. I gave a list, I think, of seven or eight.

Q. Nine, I think.

A. Nine, was it?

MR. SEVERANCE: You gave nine. I think as long as you want to state the others, you had better have that read to you, unless you are sure you remember all of them.

THE WITNESS: No, I do not care for it. I know the names.

By MR. DICKINSON:

Q. Now, go ahead.

A. There were, I think, two concerns in the Mahoning Valley, one at Struthers and one at Youngstown, Ohio. I can not think of their names. There were two or three in Indiana.

Q. You can not give their names?

A. I do not recall their names, offhand.

Q. Or their location?

A. As I say, these concerns in the Mahoning Valley, one was at Struthers, Ohio, and one at Youngstown.

Q. How about those in Indiana?

A. Then I think there was one at Middletown, Indiana, and one at Terre Haute, a very old rolling mill there, and I think they made sheets as well as bars and other material.

Q. In 1900?

A. Yes, a very old concern.

Q. You can not give the name of it?

A. No, not the correct name.

Q. Can you mention any others?

A. I mentioned the Cleveland Steel Company?

MR. SEVERANCE: Yes, you mentioned that.

THE WITNESS: Did I mention a concern in Massillon, Ohio?

MR. SEVERANCE: Yes.

THE WITNESS: Did I mention the Wheeling Iron & Steel Company?

MR. SEVERANCE: No, I do not think that you did.

By MR. DICKINSON:

Q. What did they make?

A. They made black sheets.

Q. Where were they?

A. Wheeling, West Virginia.

Q. What others?

A. There were two concerns in Kentucky, one at Newport, and Mitchell, Trantor & Company, I think, at Covington; and at one time I think there was one at— well, not in 1900; that was prior to that time. There was a mill in the South, rolling sheets.

Q. Whereabouts?

A. I think it was called the Alabama Iron Company, a good many years ago. I think they were in the Birmingham district.

Q. All of these concerns which you have named, Mr. Farrell, were they competitors of the American Sheet Steel Company?

A. Yes.

Q. All of them, you say?

A. I should think substantially all of them. My recollection is that those concerns were all outside of the American Sheet Steel Company, and are still outside. I do not know what became of Mitchell, Trantor & Company; that is the only firm I am in doubt about.

Q. I am not merely asking you about those that are outside, but I am asking you if all those concerns you have named or designated, some of them without naming them, were competitors in 1900 of the American Sheet Steel Company.

A. That was the year that company was formed, was it?

Q. Yes.

A. Yes, they were competitors.

Q. And all of them were selling, regardless of their situation and of the situation of the American Sheet Steel Company, in competition with the American Sheet Steel Company?

A. Yes. Now that I think of it, there was a very large concern at Granite City, Illinois, opposite St. Louis, the Niedringhaus Company, which was afterward absorbed by the National Enameling & Stamping Company.

Q. They were all competitors at that time with the American Sheet Steel Company, you say, and that was regardless of the question of location?

A. Well, they were more or less all within the States of Pennsylvania, Ohio and Indiana, and along the Ohio River.

Q. In Kentucky?

A. Well, on the Ohio River, Newport and Covington, on the Ohio.

Q. So the zone business did not restrict them in competition?

A. Well, as a matter of fact, eighty per cent of the iron and steel business is east of Indiana and Illinois to-day, so——

Q. But still as to the other per cent, there was competition, and competition notwithstanding the relative locations of these concerns that you say were all competitors of the American Sheet Steel Company?

A. They were in competition with one another.

Q. And with the American Sheet Steel Company?

A. With their plants

(Whereupon an adjournment was taken until to-morrow, Tuesday, May 27, 1913, at 10:30 a. m.)

SIXTY-FOURTH DAY,

EMPIRE BUILDING,
71 Broadway, New York City,

TUESDAY, May 27, 1913.

Before SPECIAL EXAMINER HENRY P. BROWN.

Present on behalf of the United States, MR. DICKINSON and MR. COLTON.

Present on behalf of the Defendants, MR. LINDABURY, MR. SEVERANCE and MR. BOLLING.

JAMES A. FARRELL,

the witness under examination at the taking of the adjournment, resumed the stand.

CROSS EXAMINATION (Continued)

By MR. DICKINSON:

Q. Mr. Farrell, in Volume 53, page 7,107 of your testimony you said:

"We had, in the early stages of the Corporation, to live down the dumping business, which was quite prevalent with some of the companies prior to the formation of the Steel Corporation."

On page 7,633 of your testimony, Volume 57, the following question was asked you:

"Q. Suppose a foreign market is used only for dumping purposes, as you have testified it was formerly used by the American manufacturers, what position would that leave a manufacturer in who had entered that market during a time of depression at home, for dumping purposes, and then withdrawn from the same and attempted later to get back?"

At page 7,634 of Volume 57 you said:

"It would leave the manufacturer in a very unenviable and undesirable position."

Now, you testified that in the early stages of the Corporation you had to live down the dumping business. Did you mean to testify that before that time exporters from this country had used foreign markets only for dumping purposes?

A. Yes.

MR. SEVERANCE: You are confining that to the subsidiary companies, or the whole of them? Did you mean all foreign manufacturers?

MR. DICKINSON: All the exporters from this country.

THE WITNESS: They sold abroad only when they were unable to occupy their mills with business at home.

MR. SEVERANCE: I want to know whether you mean the manufacturers of steel products. You put the question very broadly. You say all manufacturers.

MR. DICKINSON: I put the question "American manufacturers." That covers everything.

MR. SEVERANCE: We were talking about steel manufacturers.

MR. DICKINSON: I am talking about steel too.

MR. SEVERANCE: That is all right; that is what I want to know.

MR. DICKINSON: Yes, steel and steel products.

By MR. DICKINSON:

Q. So that you did mean to say, then, that prior to the formation of the Corporation the foreign market was used by American manufacturers of steel and steel products only for dumping purposes?

A. Pretty largely. I presume that they endeavored to build up some business, but they only sold in those markets at times when they were unable to dispose of their products here; that is, to the extent of keeping their mills full.

Q. I would like you to state what you mean to say, whether you mean to say that they only used it for dumping purposes, or not.

A. I will not state that they only used it for dumping purposes, but pretty generally they did.

Q. Then, when the question was put to you:

"Q. Suppose a foreign market is used only for dumping purposes"——

you do not understand that you testified that it had been used only for dumping purposes?

A. Pretty generally.

Q. Generally, but not only?

A. No, not entirely.

Q. Now, just name the companies that, prior to the formation of the Corporation, dumped steel and steel products in foreign markets, and in what years they did this.

A. The Carnegie Steel Company sold pretty largely; from about 1894 or 1895, they commenced, and at various times up to the formation of the Corporation.

Q. And every year?

A. Well, it was more or less intermittent; some years greater than others, larger, I think, in 1897 and 1898.

Q. But they did sell every year in foreign markets, did they?

A. They sold a little every year.

Q. Now, what other companies and for what periods sold in the foreign market to which you refer, for dumping purposes?

A. I do not recall any other company that engaged in that sort of business.

Q. So that when you spoke of American manufacturers of steel and iron having, prior to the formation of the Corporation, generally used the foreign markets for dumping purposes, the only one that you can recall now is the Carnegie Company?

A. That was the only company that attempted to do very much of the business. Of course a great deal of the business that they sold was never delivered.

Q. But as I understand you, the Carnegie Company did sell abroad every year from 1895 up to the formation of the Corporation?

A. Well, they had an office in London, but they were trying to do some business in other countries through the merchants located in London who were doing business all over the world.

Q. And they did from 1895 up to the time of the formation of the Corporation sell steel and steel products every year in foreign markets?

A. More or less.

Q. They did every year?

A. More when the business was dull, yes.

Q. But some every year; is that it?

A. Yes; I answered that.

Q. I just wanted to show that you did not mean to say some years. Now, would you or not consider that 293,592 tons of steel rails sold in the year 1898 abroad was a considerable amount?

A. It would be about ten per cent of the output of the Carnegie teel Company at that time.

Q. And 271,272 tons, would you consider that that was a considerable amount to sell abroad?

A. In what year?

Q. In 1899.

A. It would be a fair amount. A great deal of the business went to Canada, the bulk of it.

Q. Now, did the Carnegie Steel Company make in 1898 2,935,000 tons of rails?

A. I did not say that they made 2,935,000 tons of rails.

Q. No, but I understood you to say——

A. You mentioned the figure there in rails, and I am telling you that the bulk of the business went to the Canadian Pacific Railroad.

Q. But when you stated that 293,502 tons was about ten per cent, did you mean ten per cent of their whole business or of their rail business?

A. Of their whole business.

Q. What per cent would it be of their rail business?

A. I would not answer that question.

Q. Can you state the amount of rails produced by the Carnegie Company in 1898, steel rails?

A. Probably 700,000 or 800,000 tons.

Q. Well, if it was seven or eight hundred thousand tons, and all the steel rails in this country sold abroad in 1898 were 293,592 tons, that would be over one third, would it not?

A. When you spoke of abroad I had in mind the overseas

market. There was no duty on rails, you know, in those years in Canada, and the Canadian Pacific Railroad placed large orders in this country, some of them amounting to 100,000 or 150,000 tons.

Q. Do you differ, in your understanding of the terms overseas market and foreign market?

A. No, not materially.

Q. Well, the question was——

A. But you spoke of abroad, and I would not think of Canada as being abroad.

Q. When you answered the question about dumping the question was put to you in the form of the expression "foreign market", to which you answered. When you speak of dumping in association with foreign markets, what market do you mean by a foreign market?

A. I meant the European market.

Q. Would you consider that in 1900, 356,245 tons of steel rails exported was an appreciable amount of export?

A. No, not considering the gigantic railroad building that had been going on in Canada for the last fifteen years.

Q. Do you know what proportion of that went to Canada and what proportion overseas?

A. My recollection is the bulk of it went to Canada, because the rail mills in Canada were not built until 1902 and 1905, and the duty was not put on in Canada until 1904; rails were on the free list.

Q. When you used the expression "foreign market," however, that included Canada, did it not?

A. It would. I did use it the other day in that connection.

Q. And in connection with dumping?

A. No, not in connection with dumping.

Q. The question was put to you: "Suppose a foreign market is used only for dumping purposes, as you have testified it was formerly used by the American manufacturers, what position would that leave a manufacturer in who had entered that market during a time of depression at home, for dumping purposes, and then withdrawn from the same and attempted later to get back?" to which you answered: "It would leave the manufacturer in a very unenviable and undesirable position."

Now, did your answer there have reference to the question which was asked you, which was in respect of a foreign market?

MR. SEVERANCE: Pardon me, Judge. You evidently do not understand the question.

MR. DICKINSON: Who does not?

MR. SEVERANCE: You do not. The question that I put, I did not put as to the foreign markets generally. I say suppose a foreign market is used for dumping; not all foreign markets, but a foreign market.

By MR. DICKINSON:

Q. What did you understand Mr. Severance to mean by that question, when he spoke about a foreign market? Did you mean any particular country?

A. Yes.

Q. What did you mean, the foreign markets generally?

A. No, I meant the manufacturing countries in Europe.

Q. The manufacturing countries in Europe?

A. Yes.

Q. Now, what concerns, then, in the United States in 1898 were dumping steel and steel products into the manufacturing countries of Europe?

A. Largely the Carnegie Steel Company.

Q. Can you mention any other?

A. I think the National Steel Company sold some material which was rejected and they had a law suit over it; I do not know whether the law suit has ever been settled. The sheet bar is generally about eight inches wide and fifteen-sixteenths of an inch in thickness, and it is rolled to various ounces, as it is termed; that is, the production of various sheets. And they had sold some material for shipment to Wales which was rolled in about the same manner they would roll it for a domestic mill where they could re-roll it; and there have been a number of law suits. They had a law suit with a firm named Richard Thomas & Company, of Swansea and Newport, Wales, and with a number of other people.

Q. That was in 1898?

A. I think so; about that period.

Q. About that period?

A. Yes.

Q. What others besides the Carnegie and that company, in 1898, do you say were using the European markets, which were manufacturing centers, for dumping purposes?

A. I do not recall any other.

Q. In 1899, state what American manufacturers of steel and steel products were using European markets where manufacturing was done, for dumping purposes.

A. Largely the Carnegie Steel Company.

Q. Can you name any other?

A. No.

Q. For 1900?

A. About the same.

Q. And in 1901?

A. I do not recall whether there was very much sold by them in that year.

Q. Can you say, Mr. Farrell, of your own knowledge, that the American manufacturers of steel prior to the time of the formation of the Corporation, with any constancy, from the year 1895 up to 1901, were using the foreign European market where manufacturing of steel products was done, for dumping purposes?

A. They were endeavoring to dispose of large quantities of material, and in doing so, they dislocated those markets; and as a consequence of that the prices were greatly demoralized, and the manufacturers in those markets not only met the prices made by the Carnegie Steel Company, but made lower prices; and the result was that thousands of tons of material were not delivered by the Carnegie Steel Company; and it was an actual fact that the buyers of their products paid them a compensation to let them out of the contracts after the market had been demoralized. The records of our office in London show, and I have examined them myself at times when I have been over—I was interested in looking it up—show that over $100,000 was paid to the Carnegie Steel Company by buyers for cancelling contracts after they had thrown this material on the market there, to shipbuilders and all sorts of people.

Q. What records were those?

A. Records in our London office.

Q. Well, for what period?

A. Those periods you mention. The history of the Carnegie Steel Company's foreign office. I was interested in ascertaining the manner in which they had done their business.

Q. Can you answer as to any one else except the Carnegie Company for those years?

A. No, sir; but I know that the firm of—various firms, paid large sums of money, aggregating nearly 20,000 pounds, to cancel contracts.

Q. What year?

A. Over that period of four or five years.

Q. But you can not name the firms?

A. That paid the money?

Q. You mean to the Carnegie Company?

A. Yes, I can name a lot of the firms.

Q. But I thought you meant others besides the Carnegie Company on this side?

A. Harland & Wolff paid fifty or sixty thousand dollars. That was what they called dumping business.

Q. I call your attention to Government Exhibit 426, statistics of the American and Foreign Iron Trades for the year 1903, and on page 22, under exports of iron and steel it shows that in the year 1901 there was exported 318,955 tons of rails.

A. Does it show the countries to which they were shipped?

Q. No, it shows the exports of iron and steel.

MR. SEVERANCE: That would include Canada, I suppose, too?

MR. DICKINSON: I suppose everything that went out of this country would be export.

By MR. DICKINSON:

Q. Mr. Farrell, do you know what proportion of that was sold by the Carnegie Company?

A. I do not. I think about that time the Maryland Steel Company had a contract for the rails for the Chinese Eastern Railroad, quite a large quantity.

Q. Then to the best of your knowledge in that amount were sales by makers other than the Carnegie Company?

A. That was a seaboard plant. Yes, the Maryland Steel Company always did some foreign business.

Q. Do you know that no others except the Carnegie Company and the Maryland Company sold in 1901 for export?

A. I have no recollection of it.

Q. Do you know how much of the Carnegie that was sold in that year went to Canada, and how much to European countries?

A. I think the bulk of it went to Canada.

Q. Have you any knowledge of that subject?

A. Not without refreshing my recollection.

Q. You cannot give any figures, and carry nothing in your mind on that as to figures?

A. Not without an opportunity of refreshing my recollection.

Q. Refreshing it by what?

A. By looking over records.

Q. By looking over records?

A. Yes.

Q. Then it would be what the records show, and not what you recollect, would it not?

A. Both.

Q. What?

A. It would refresh my recollection.

Q. Do you make those records?

A. No, but I knew Mr. McNichol, the Vice President of the Canadian Pacific Railroad very well, and from time to time he would visit me and would tell me about his purchases. And I know in those railroads large quantities of rails were being bought, the Canadian Pacific, the Grand Trunk, the Inter-Colonial and the Canadian Northern were being built, and there was a great development, and there is to-day. That is the reason they built those two rail mills in Canada with a production of about half a million tons a year, to take care of that Canadian business.

Q. But these records you refer to were not made by you?

A. The records I refer to?

Q. That you said you could refresh your memory from?

A. No; they are made by people in our company. Of course, I do not carry in mind each item.

Q I understand that and do not expect that you would, but I want to get at these records that you talk about.

A. Well, they are available.

Q. I want to get at your knowledge about them. You did not make them, did you?

MR. SEVERANCE: Is that a question or a statement?

By MR. DICKINSON:

Q. You did not make those records?

A. No, I did not make them.

Q. You did not examine——

A. I examined them severally in detail.

Q. What do you mean by in detail?

A. Looking over them.

Q. When?

A. A number of years. You see, I have been absorbed in this foreign business and the conduct of it for a number of years.

Q. When did you begin?

A. Back in 1897.

Q. Back in 1897?

A. Yes, sir.

Q. In 1897 were you absorbed in the steel rail business?

A. I was making an exhaustive study of the possibilities of foreign markets in all commodities.

Q. But did you have any experience yourself in selling steel rails in foreign markets?

A. Not as a salesman of steel rails, no.

Q. Did you have any original records, or just what you saw from records made by others as of that time?

A. What I gathered up in various ways.

Q. What you gathered up?

A. Yes, sir; from the statistics.

Q. Therefore of your own experience in the steel rail business prior to the time you began to handle them with the export company, you had yourself no personal contact and experience in the sale of rails in foreign countries?

A. Only in talking with people in the business.

Q. Now, Mr. Farrell, what was the export in steel rails from the United States in the year 1902?

A. Small.

Q. Well, how was it in comparison with the year 1899?

A. Smaller than 1899.

Q. And 1900?

A. The same answer.

Q. How?

A. The same answer.

Q. In 1901?

A. The same answer.

Q. How about compared with 1897?

A. In 1897 I think it was about the same.

Q. I call your attention to the exhibit I have just referred to, which shows that in 1902 it was 67,455, and the Government exhibit No. 427, page 35, shows that in 1897 it was 142,808; have you any recollection yourself with regard to those figures?

MR. SEVERANCE: Just a moment; may I ask who made up those figures?

MR. DICKINSON: Swank; here they are.

MR. SEVERANCE: Did Swank himself keep the books of all these companies?

MR. COLTON: You put in 1898 and 1899 from Swank.

MR. SEVERANCE: They cannot be any good unless he kept the books himself, according to your theory.

MR. COLTON: You put them in.

By MR. DICKINSON:

Q. Mr. Farrell, have you any personal knowledge of the export of steel rails for the years 1902 and 1897, respectively?

A. Only in a general way.

Q. From your general knowledge what would you say with respect to these figures I have just given you; have you any recollection about them?

A. I would have to depend upon Government figures and Government statistics, which would be hearsay, because the man that compiled them did not make them up.

Q. And upon Swank?

A. The same applies to Swank.

Q. That explains, then, a good deal of your former testimony, doesn't it?

A. Not necessarily.

Q. Can you give the steel rails exported from the United States in 1896?

A. Exported from the United States?

Q. Yes.

A. I have no recollection.

Q. Can you approximate it?

A. I would not attempt to.

Q. Well, suppose I asked you the same for those years, from 1896 to 1902 inclusive, and the comparative amounts exported in respect to billets, ingots and blooms, structural iron and steel, band and hoop or scroll iron, steel bars or rods of steel, not wire rods, could you answer from your knowledge, from figures that you carry in your mind as to the amounts exported in those several years?

A. That is rather a large composite question you are asking me.

Q. Maybe; I will divide it up then. I will take structural iron and steel. Can you give the export in structural iron and steel for 1899?

A. No.

Q. How did it compare with 1902, more or less?

A. Less.

Q. Which was less?

A. 1899.

Q. Those statistics show on page 22 that in 1899 it was 54,244, and in 1902, 53,859. Have you any recollection yourself?

A. No; not a recollection; that is my impression.

Q. Your impression was wrong if this is right, wasn't it?

A. There is only a few thousand tons difference.

Q. If this is right it was more, wasn't it?

A. What is that?

Q. The one you said was more, if this is correct, it was less instead of more.

A. About 200 tons difference there, going back to 1900, that is a pretty fair estimate.

Q. Take billets, ingots and blooms for the year 1899, can you approximate the amount of export?

A. I do not think that caption is correct, because blooms have never been exported; I do not know what that would include.

Q. Do you mean to say that in 1899 there were no billets exported?

A. What is the caption?

Q. The capition is "exports of iron and steel, the foreign table following, also compiled from the Bureau of Statistics of the Treasury Department gives the exports on leading articles of iron and steel and locomotives in calendar years 1899, 1900, 1901 and 1902." Now, it gives for the several years exports in billets, ingots and blooms. Can you give any figures on that of your own knowledge?

A. I would not attempt to give any on blooms, because I have never known of blooms being exported.

Q. Well, how about billets?

A. I have no recollection of billets.

Q. Well, for 1900, have you any recollection?

MR. SEVERANCE: What do you mean, the tonnage?

MR. DICKINSON: Yes; the tonnage; all this is tons.

A. No.

By MR. DICKINSON:

Q. Have you any recollection of the tonnage of either of those years as compared with 1902?

A. I have no recollection.

Q. I observe here that in 1900, page 22, it shows that billets, ingots and blooms were exported in the amount of 107,38[illegible] tons, while in 1902, 2,409 tons were exported. Do you carry in your mind any knowledge as to the figures as of those dates

MR. SEVERANCE: I think I will reserve an objection to this question. It is founded upon what the testimony of the witnesses Swank and Gray showed were within the definition of my friend on the other side as pure hearsay, as they kept no books themselves; they were simply compilations of reports made to them by the various steel manufacturers of the country, and they do not even undertake to give the names of the bookkeepers that kept the books, or the names of the people that compiled the statistics kept by the bookkeeper, or the names of the people that sent in these statistics to them for compilation, and therefore if my friends are right in their definition of hearsay, this is an improper question because founded upon improper testimony.

MR. DICKINSON: I shall not be outdone by amicable terms, and I am very glad to see, and we appreciate the fact that our friends on the other side have found out what hearsay is.

Q. This table shows that in 1899 there were exported, of all the products mentioned in this table, pig iron, scrap and old, ferro manganese, bar iron, band, hoop and scroll iron or steel, bars or rods of steel, steel wire rods, billets, ingots, blooms, cut nails and spikes, wire nails, all other nails, including tacks, iron plates and sheets, steel plates and sheets, iron rails, steel rails, structural iron and steel, and wire, in the sum of 942,689 tons.

Now, I want to ask you if you know whether any manufacturers in this country, other than those that went under the control of the United States Steel Corporation, exported for that year any of that tonnage?

A. What was the year?

Q. 1899.

A. The probabilities are that there were some.

Q. In 1900 the gross amount was 1,154,284 tons. Will your answer be the same to that?

A. Yes.

Q. And for 1901, 700,857?

A. The same answer.

Q. In the year 1902 the gross tonnage was 370,805. That included, did it not——

A. What items were those?

Q. The same I have read you. Did that or not include any makers outside of those that were under the control of the Steel Corporation?

MR. SEVERANCE: Where do those figures come from?

MR. DICKINSON: That is this table I am referring to all along.

MR. SEVERANCE: Swank's table?

MR. COLTON: Yes, for 1899, from a Defendants' exhibit.

MR. SEVERANCE: That is one of Swank's?

MR. COLTON: Yes.

THE WITNESS: Probably.

By MR. DICKINSON:

Q. When did you say railroad building started up in Canada?

A. It has been going on for a good many years now.

Q. Was it going on in 1898?

A. Yes.

Q. I believe you stated that of the rails exported by the Carnegie Company during the year 1898, the larger portion of them, according to your recollection, went to Canada.

A. Yes, I think about the same time the Maryland Steel Company was shipping large quantities to New Brunswick and Nova Scotia for the Eastern extensions of those lines.

Q. I call your attention to the minutes of the Carnegie Steel Company, Limited, of January 3, 1899, pages 1,177 and 1,178, of Volume III, which, under the heading of "Summary of important sales from January 1, to December 31, 1898, inclusive," has the following on page 1,178:

"51,038 tons of Standard Rails—1sts—Canadian.

"69,843 tons of Standard Rails—1sts—Foreign."

Do you carry in your mind any recollection of fact that is contrary to this recital in the minutes of the Carnegie Company?

A. No; my impression is that the rest of the bulk of those other rails were sent to Mexico about that time; there was very large railroad building going on there.

Q. You said awhile ago that of the exportation of the Carnegie Company in that year the larger amount went to Canada?

A. The larger amount, yes.

Q. Now, in view of this recital, do you say that you have any recollection that enables you to assert that as a fact, in face of this recital in the Carnegie minutes?

A. You were reading from Swank's statistics there.

Q. No, I am reading from the Carnegie minutes.

A. No, but you were when I made the statement, and I had in mind the exports of rails to Canada, and of course a large tonnage of those rails were sent by the Maryland Steel Company

Q. But do you now say that in 1898, of the steel rails sold outside of the United States by the Carnegie Steel Company,

more of them went to Canada than they did to foreign countries other than Canada?

A. The minute there shows that.

MR. LINDABURY: Does this show orders taken or deliveries made?

MR. DICKINSON: It shows sales.

MR. SEVERANCE: Sales, a summary of important sales.

THE WITNESS: That would not, of course, conform with Swank's statistics, which are shipments.

By MR. DICKINSON:

Q. I am only referring now to your statement that the majority of rails sold by the Carnegie Company went to Canada, and not to other countries. In 1899, transcript of record, Volume III, page 1311, from the Carnegie Minutes the recital is Sold, "Canadian, 105,330; foreign, 46,858." You were right as to that year were you not?

A. Well, apparently.

MR. SEVERANCE: This is the year 1899?

MR. DICKINSON: Yes.

By MR. DICKINSON:

Q. Now, I call your attention to Volume VI, page 1,910. Under the heading of "Summary of important sales from January 1st to December 31, 1900," the recital is "Canadian 1sts, 23,728 tons; foreign 1sts, 53,200 tons."

Have you any recollection that would be contrary to that?

A. No, sir.

Q. State whether or not the companies which were acquired, or which came under the control of the United States Steel Corporation were in 1898 and 1899 exporting all of the structural iron and steel that was exported in this country.

A. I do not believe they were. The Pennsylvania Steel Company always did more or less of that.

Q. And some others that you do not recall?

A. There may have been some others.

Q. What was the tonnage of open hearth rails produced by the Tennessee Coal & Iron Company during the years 1908, 1909 and 1910?

A. I would not attempt to state that figure.

MR. SEVERANCE: Would you mind letting the record show, just for the sake of the truth of history, as to these three questions which you put as to the sales in foreign and Canadian markets, in 1898, 1899 and 1900, that there were 180,146 tons sold in Canada and 169,901 tons sold in other foreign markets; so that Mr. Farrell was correct in his statement that the majority were sold in Canada for the period of three years to which you called his attention?

MR. DICKINSON: You mean putting the three years together?

MR. SEVERANCE: Yes; 1898, 1899 and 1900.

MR. DICKINSON: That is just an argument of counsel, that I do not propose to have the record encumbered with without exception. It shows for itself, and I myself put in the year it did show that he was right, and did it of my own accord, without any suggestion from counsel.

MR. BOLLING: As it was in between the other two I do not think you can claim great credit for it.

MR. DICKINSON: I am not claiming credit for it. I think it was just simply fair.

By MR. DICKINSON:

Q. In Volume 56, page 7511 of the typewritten testimony, you were asked the following questions and gave the following answers:

"Will you state which ones of the competitors of the Corporation in steel making are the largest: that is, the largest manufacturers of steel, that you compete with?"

And you answered:

"The Bethlehem Steel Company, the Lackawanna Steel Company, the Republic Iron & Steel Company, the Pennsylvania Steel Company, the Maryland Steel Company, the Youngstown Sheet & Tube Company, Jones & Laughlin, the Pittsburgh Steel Company, Otis Steel Company, Midland Steel Company, La Belle Iron & Steel Company, Wheeling Steel & Iron Company, Andrews Steel Company, Newport, Kentucky, and Ashland Steel Company."

Give the ingot production of those several companies for the year 1908.

A. The several companies or each of those?

Q. That means separately.

A. I could only attempt it approximately.

Q. Well, take the Andrews Steel Company and give that according to the best information that you carry in your mind?

A. I would not attempt to give it.

Q. Not even approximately?

A. Well, I could give it approximately, I think, but I would rather not, you see, because it would be based upon more or less of an approximation.

Q. Will you undertake to give it approximately for any of those companies?

A. No; I would not attempt to.

Q. I show you here the directory of the iron and steel works of the United States for 1908 and call your attention to page 362, under the head of the Otis Steel Company. Will you read what that says on the Otis Steel Company?

A. (Reading:)

"The Otis Steel Company, Limited, Cleveland. Built in 1873-4 and put in operation in the fall of 1874. Nine Siemens heating furnaces," that is the basic.

Q. Is that the old Siemens-Martin process?

A. Yes; the Siemens-Martin process.

(Reading:) "Two hammers."

MR. SEVERANCE: Those are the re-heating furnaces, or steel making furnaces?

THE WITNESS: They are steel making furnaces, the Siemens-Martin. (Reading:)

"Two hammers, eight open hearth furnaces (three fifteen gross ton acid and five thirty ton basic), and three trains of rolls (one thirty, one thirty-one and one thirty-four inch): first acid open hearth steel made on October 23rd, 1874, and first basic open hearth made on January 20th, 1886. Product, steel ingots, steel castings, steel plates, bar steel and forgings. Annual capacity 20,000 tons of acid open hearth ingots, 90,000 tons of basic open hearth ingots, 20,000 tons of open hearth castings, 70,000 tons of rolled product and 5,000 tons of forged product. Fuel, coal and natural and producer gas. Brand, Otis. George Bartol, General Manager. H. F.

Deverell, Secretary in America. Frederick Walker, T. Frame Thompson and J. E. Touche, Directors, B. W. Head, Secretary in England."

By Mr. Dickinson:

Q. That will do, Mr. Farrell. Now, what are rolled products? It says there 70,000 tons of rolled products.

A. In this instance, it would be largely plates, boiler plates.

Q. What might rolled products in trade parlance include?

A. Rolled products would include everything from the wire rods three-sixteenths of an inch thick to a 24 inch beam or a rail, or in fact, it is a general term that would include anything that was rolled in a mill, rolled products; just as steel products includes everything.

Q. Do you consider the amount of 70,000 tons of rolled product at that time a large or small amount?

A. Large, considering the character of their work. They have about the largest business of the country in boiler plates. They make a great tonnage of boiler plates.

Q. And you would say that 70,000 tons is a large amount of rolled products?

A. Of boiler plates.

Q. Suppose it was in bars, would it be a large amount?

A. A large amount for one company, yes sir.

Q. Now, Mr. Farrell, you mentioned a number of companies whose names I read to you awhile ago as the largest competitors of the Corporation in the manufacture of steel that you compete with. The question was "Will you state which ones of the competitors of the Corporation in steel making are the largest; that is, the largest manufacturers of steel that you compete with," and you named them. Is it not a fact, Mr. Farrell, that in the year 1910 the United States Steel Corporation made a larger tonnage of steel ingots than all of those concerns that you have named put together?

A. I do not think so.

Q. You said, however, I believe, that you could not give the tonnage of those?

A. No.

Q. And according to your knowledge, then, of the steel business in 1910, you gave as an expression of that knowledge,

that these combined concerns that you named made more steel ingots than the subsidiaries of the United States Steel Corporation?

A. I have no definite recollection on that question.

Q. Did not the subsidiaries of the United States Steel Corporation for the year 1910 produce more than half of the steel ingots that were produced in the United States?

A. About half, I should think; I do not think it was very much less.

Q. That is the best answer you can give, about half?

A. I have no definite recollection about it.

Q. You think that those competitors combined, then, produced more than half?

A. I would not attempt to say.

Q. You would not attempt to say?

A. No.

Q. In Volume 55, page 7,347, Mr. Farrell, you testified in regard to the sheet steel business, in reference to questions in regard to the approximate percentage of the sheet steel business conducted by the American Sheet Steel Company in 1901. Now, what did you include by the sheet steel business in answering that question; the question was the sheet steel business; I just simply want to know.

A. Manufacturers of sheets.

Q. What size?

A. Under 10-gauge.

Q. You did not include in that any sheet steel business of 13-gauge?

A. Yes, that would all be in the sheet steel business, all the way down to about 30-gauge.

MR. SEVERANCE: It runs up; it would be 10 down to 13.

By MR. DICKINSON:

Q. You say from 10 up?

A. Eight or 10 would be called a tank plate, and anything under 10 would be called a sheet.

Q. You mean the higher numbers?

A. Yes, the higher the number the thinner the material.

Q. So it would include 13 and the numbers higher than 13?

A. Yes.

Q. State whether or not sheet steel 13 and thinner, which would mean numbers higher than 13, constitute the larger part of the sheet steel output or not?

A. It did.

Q. What percentage of the sheet No. 13-gauge and thinner of the total production of the United States was produced by the United States Steel Corporation in 1905?

A. In 1905?

Q. Yes.

A. I have no recollection on the subject.

Q. In 1906?

A. The same answer.

Q. In 1909?

A. The same answer.

Q. Could you answer those in tonnages?

A. I would not attempt to.

Q. How about 1910?

A. I think it was under 50 per cent; I would not attempt to be accurate.

Q. You would not say how much it was?

A. No; I know it was 46 per cent in 1912.

Q. Do you know that it was under 50 per cent in 1910?

A. I would not attempt to be accurate.

MR. DICKINSON: Mr. Severance, now Volume 55, page 7,347.

By MR. DICKINSON:

Q. Mr. Farrell, you did, however, undertake to give the percentage approximately of the sheet steel business conducted by the American Sheet Steel Company in 1901, as compared with the whole of that business in the United States for that year. Where did you get the information upon which you based those answers?

MR. SEVERANCE: In fairness to the witness, I think you ought to tell him that he stated he was not certain as to the percentages; that is what he said.

MR. DICKINSON: I will be fairer than that; I will read what he said.

MR. SEVERANCE: That is right; read what he said.

By Mr. Dickinson:

Q. (Reading:)

"Q. Can you tell approximately what the percentage of the sheet steel business was, conducted by the American Sheet Steel Company in 1901, the year of the formation of the Corporation?

"A. I should say about 58 per cent.

"Q. And about what percentage was done by them in 1911?

"A. 42."

What was the source of your information upon which you answered "I should say about 58 per cent."?

Mr. Severance: Will you call his attention to the fact that he later stated that he was not sure of the figures?

Mr. Dickinson: I am coming to that later. I want to ask him about that.

The Witness: I frequently stated during this examination, when I have been questioned concerning these exhibits, that where the information has been furnished to me by other persons, that I have examined these exhibits in detail, and from my independent knowledge of the business I have been able to satisfy myself as to the data and figures.

Q. Now, then, do you say that that answer was based upon such independent knowledge, or based upon the statement that was made to you?

A. I have also stated that I have not attempted to carry in my mind each item and each detail of those statements, but from my intimate knowledge of the business, and from an examination of these exhibits I am satisfied that they are substantially correct and I was satisfied that they were substantially correct when I made my answers to your questions.

Q. From that same intimate knowledge I would like you to give me the percentage, approximately, for 1911, 1910, 1908, 1907, 1906. Can you do it?

Mr. Severance: Have you an exhibit of that kind in evidence? He said he told you that he did not attempt to carry the figures in his mind, but he is satisfied, after looking at the exhibit, that they are substantially correct. Have you an exhibit of that kind?

MR. DICKINSON: Will you repeat the question, please?

MR. SEVERANCE: I ask counsel if he has an exhibit of those years to submit to the witness?

MR. DICKINSON: Mr. Farrell, can you answer the question?

MR. SEVERANCE: Do I understand that counsel declines?

MR. DICKINSON: I do not recognize your right to question me in that way. I do not think that it is proper, and I object to it.

MR. SEVERANCE: Then you decline to answer the question?

MR. DICKINSON: I pay no attention to it.

MR. SEVERANCE: Yes, you paid attention to it. You said something.

MR. DICKINSON: Will you please answer that question, Mr. Farrell.

THE WITNESS: Will you repeat the question, please.

(The stenographer repeated the pending question.)

MR. DICKINSON: I am not on the witness stand as to what I have or have not. Counsel has no right to question me about it.

(At the request of the witness the pending question was again repeated.)

THE WITNESS: I would not attempt to do it.

By MR. DICKINSON:

Q. I have given you the answer to that question, and I will read the balance that appears on that page:

"Q. About what percentage was done by them in 1911?

"A. 42."

MR. SEVERANCE: You read that before, Judge.

By MR. DICKINSON:

Q. Now, do you still adhere to 42?

A. What year was that, 1911?

Q. Yes.

A. I have no recollection of that.

MR. DICKINSON: Do you want me to go on down with that?

MR. SEVERANCE: Take your own course.

MR. DICKINSON: But you suggested that I call his attention to something below, and I am perfectly willing to do it.

MR. SEVERANCE: I merely wanted you to call his attention to the fact that he later stated that he was not certain about those percentages, but I do not care anything about it. Let it go.

Q. Volume 54, page 7,139, the following question was asked and answered:

"Q. What are sheet and tin plate bars?

"A. A sheet and tin plate bar is a section about an inch and a half or two inches wide, rectangular; really plate rolled from a billet."

Is that a correct definition of it?

A. I do not remember that I stated an inch and a half or two inches; I think I stated about eight inches wide. I do not know what the record shows.

Q. It says an inch and a half or two inches wide.

A. I am familiar with a sheet bar, and know the average width is eight inches. I do not know what your record shows. I do not recall, unless it was confused with something else, with a strip, for instance.

Q. Do you want to modify that?

MR. SEVERANCE: Look at page 7,141; that comes up again.

THE WITNESS: I would like to, Judge, because it probably had reference to a strip and not a sheet and tin plate bar.

MR. SEVERANCE: If you look over two pages, you will see he refers to a sheet and tin plate bar.

By MR. DICKINSON:

Q. Now, define sheet and tin plate bars.

A. A sheet or tin plate bar is a bar about eight inches wide; the average thickness is about fifteen-sixteenths of an inch; it is eight or nine feet long, and the widths vary in accordance with the gauge of the sheet that the sheet roller is going to produce from the bar. We generally denominate them in ounces, to get at the different gauges.

MR. SEVERANCE: Denominate them what?

THE WITNESS: We call them a ten ounce sheet, or a nine ounce sheet.

By MR. DICKINSON:

Q. Then there is no substantial difference between sheet bars and tin plate bars?

A. No substantial difference, excepting that in a tin plate bar the carbon is higher that in a sheet bar, because they are rolled in what we call doubles, and unless there is sufficient carbon in the steel they stick together and cannot separate.

Q. That is just a question of carbon, that is all, is it not?

A. It is a question of great care in their production.

Q. I understand, but a concern that produces one can produce the other, can it not?

A. Yes; it is all a question of the men that do the work.

Q. Did not the Illinois Steel Company manufacture tin-plate bars at the time it was taken over by the Corporation?

A. Not to the best of my recollection; I do not believe they made any sheet bars or tin-plate bars.

Q. Have you a positive recollection that they did not?

A. My recollection is that they did not.

Q. I call your attention to Government Exhibit 144, Volume IV, page 1,444, a statement furnished by the Corporation, in which appears the following:

"Illinois Steel Company, GROSS SALES for the CALENDAR YEAR 1900. Tin-plate bars, 23,862 tons."

Now, do you put your recollection against that statement?

A. No, I am putting my recollection against the fact that we have not since the time the Corporation acquired the Illinois Steel Company, been able to produce sheet or tin-plate bars until about a year ago, when we made an expenditure of $437,000 on one of our mills at South Chicago; then we were able to produce these bars commercially.

Q. But you, then, have no independent recollection that in 1900 the Illinois Steel Company did not sell 23,862 tons of tin-plate bars?

A. I have no information on that subject, I never knew of them as being in the market commercially.

Q. Don't you know that the Universal Construction Company was controlled by the same interests as the Illinois Steel Company, when the Corporation was formed?

MR. SEVERANCE: I object to that as immaterial, and not cross-examination.

THE WITNESS: I have no knowledge on the subject.

By MR. DICKINSON:

Q. Have you any knowledge on the subject as to the fact that when the Corporation was formed the Carnegie Steel Company and the Universal Construction Company were both in the structural pool?

A. I have no information on the subject, and am not in an intelligent position.

Q. Have you any knowledge of the fact that the Illinois Steel Company and the Carnegie Steel Company were both in the same plate pool in the latter part of 1900, and that plate shipments by the Illinois Steel Company exceeded the shipments of any company in the pool, other than the Carnegie Company?

A. I know nothing about it.

Q. Will you please define what bars are? I do not know, but what you have done it before, and I do not like to trouble you again, but in this connection I would be obliged if you would define them.

A. Do you mean a merchant bar?

Q. Well, yes; merchant bars.

A. A merchant bar might be either round, square, flat or hexagon, or any different kind of a shape, and might be from three-sixteenths of an inch in diameter to ten or twelve inches in diameter, for the manufacture of sheets for steamers; it might be flat or might be round, it might be square and might be different shapes.

Q. When the term "bars" is used, does that mean merchant bars?

A. Yes, generally in the trade.

Q. What would be an appreciable amount in 1900 of merchant bars sold in competition in the trade in the United States?

A. You mean throughout the country in the industry; do you mean as a whole?

Q. I mean where concerns are competitors and both selling merchant bars, what would you call an appreciable amount in competition?

A. That is, you mean for some individual company?

Q. As against the other, yes.

MR. SEVERANCE: I do not think I quite catch what that question means.

(The previous questions and answers were repeated by the stenographer.)

THE WITNESS: It would depend almost entirely on their location. A concern might be a small producer of bars at Laramie, Wyoming, and yet control the business there because of the freights from Chicago to Laramie, Wyoming. There is a mill at Laramie, Wyoming.

By MR. DICKINSON:

Q. Well, take those concerns that in 1900 were selling in the same territory that concerns were selling which subsequently came under the United States Steel Corporation; what would you term small production?

MR. SEVERANCE: Judge, that question is a little indefinite. Do you mean in the territory that any one of the companies that came under the Corporation were selling in?

MR. DICKINSON: Yes, any one of those that went under the Corporation.

THE WITNESS: 5,000 or 10,000 tons.

By MR. DICKINSON:

Q. Would be small?

A. No, we would consider them a pretty fair competitor.

Q. And 20,000 tons would be quite considerable?

A. Yes. The Fort Worth Rolling Mill Company have about 20,000 tons a year, and we consider they are competitors.

Q. In the year 1900 what amount of bars were made by the Illinois Steel Company?

A. I have no definite recollection.

Q. What amount was made by the Carnegie Steel Company during the year from January 1, 1900 to December 31st, 1900?

A. The same answer.

Q. Is bar steel the same as bars?

A. No, there is [illegible] iron and steel bars.

Q. Bar steel would be bars?

A. Yes.

Q. I call your attention to Government Exhibits, Volume IV, page 1444, statement furnished by the Corporation under the head of Illinois Steel Company, gross sales for the calendar year 1900, bar steel 73,482 tons. Would that be a small or a large production of steel?

A. In what year?

Q. 1900.

A. 1900?

Q. Yes.

A. It would be a fair production considering the character of the customers they have in that district; the agricultural implement people being mostly in that district.

Q. In competition with somebody else that was selling, would that be appreciable?

A. Yes; there were about twenty other concerns there at that time.

Q. I call your attention to Government Exhibits, Volume VI, page 1909, of the minutes of the Carnegie Steel Company, of January 8th, 1901, under the head "Summary of Important Sales, from January 1st to December 31st, 1900,"—"bars, 85,036 tons, domestic." Would you call that an appreciable amount to be selling in competition with others?

A. What company was that?

Q. The Carnegie Company.

A. In what year?

Q. In the year 1900, January 1st to December 31st.

A. I would not consider that very large, not in the districts in which they were located.

Q. Would you call it small?

A. No, I would call it a fair quantity.

Q. You would call it a fair quantity?

A. Yes.

Q. Well, if the Illinois was selling at that time 73,482, and the Carnegie 85,036 of bars, would you say they were not competitors in bars?

A. I think I could make that statement.

Q. That they were not competitors?

A. Pretty well. You see in the Chicago district at that time the Illinois Steel Company had twenty competitors, in the Chicago district.

Q. Do you know of your own knowledge that none of these bars of the Illinois Steel Company were sold in territory that could be reached by Carnegie, and *vice versa?*

A. I would not attempt to answer that question. I have no definite knowledge.

Q. Would you say then that in bars in 1900 they were not competitors of each other?

A. I would not consider them potential competitors.

Q. Let us see about potential; the Carnegie could have made more, could it not?

A. It did not have the equipment.

Q. It could have increased its equipment, could it not?

A. They did compete in 1904; they began to build bar mills and from 1904 they became large producers of bars.

Q. And the Illinois could have increased its equipment could it not?

A. With the expenditure of large sums of money.

Q. They both had ores, did they not?

A. Yes.

Q. And furnaces?

A. Yes; and so did other people.

Q. And they were integrated, were they not, so that they could have increased their equipment for the production of bars?

A. Not without increasing the steel plant, of course, the blast furnaces, and open hearth.

Q. They could have done that, could they not?

A. It was possible.

Q. It was within the range of reasonable development that they could have done it?

A. Yes; that is what our competitors are doing now; they are building as I have said before 2,300,000 tons additional capacity.

Q. And those concerns could have done the same thing could they not?

A. With the expenditure of money.

Q. Then were they not potential competitors?

A. Possibly.

Q. Will you not make it a little stronger than possibly?

MR. SEVERANCE: I do not know that the witness is a die-

tionary. I will object to that as asking for a conclusion of the witness. I think the proper question should be addressed to what they were making, and the question as to whether the mills could have been built to make something else is for the Court to say, as to whether they were potential competitors.

MR. DICKINSON: I think it is entirely proper to show that concerns that were independent and capable of developing their facilities, and were taken in under the Corporation, could have developed their respective business.

By MR. DICKINSON:

Q. That could have been done, could it not, by each of these concerns?

A. It is all a matter of conjecture.

Q. So then you do not say from your own knowledge of the iron and steel business at the time the Corporation was formed, and of your own knowledge of the Carnegie Company and the Federal Steel Company, as to whether or not these two companies could have each developed their plants so as to come into a larger competition in bars than is indicated in the amount produced, shown here to have been produced?

MR. SEVERANCE: I make the additional objection that it is irrelevant and asking for a conclusion and speculation on the part of the witness.

A. It is impossible to answer.

By MR. DICKINSON:

Q. Mr. Farrell, don't you know that the Carnegie Steel Company had just before it was taken over by the Corporation, completed an additional merchant bar mill?

A. At what plant?

Q. I am asking you if you know of any plant at which that was done?

A. No, they had plans in contemplation to build some bar mills at Duquesne, which were started in 1903 and 1904.

Q. Were not the plans under way in 1900, at the time the Carnegie Steel Company was taken over by the Steel Corporation?

A. I have no knowledge on that subject; I don't know.

Q. Mr. Farrell, don't you know that the American Steel

& Wire Company, in 1900, was cancelling its contracts for wire rods with the Carnegie Steel Company and the National Steel Company, and postponing its contracts for the purchase of wire rods with the Illinois Steel Company?

A. You are speaking of wire rods?

MR. DICKINSON: Yes. Please repeat the question.

(The pending question was repeated by the stenographer.)

THE WITNESS: I did not know that the Carnegie Steel Company made wire rods.

By MR. DICKINSON:

Q. I will repeat the same question and substitute "billets" for wire rods.

A. I think you are correct now.

Q Don't you know that prior thereto the American Steel & Wire Company had been purchasing from the Carnegie Company very large tonnages, and that as a result of the American Steel & Wire Company's cancellation of contracts the Carnegie Company had appropriated money to enter the steel and wire business?

A. I am not in an intelligent position to say as to what the Carnegie Steel Company may have had in mind.

Q. Did you see any trade announcements of that?

A. They were always talking about going into everybody's business, but we never paid much attention to what they were saying, in the trade.

Q. You say, "we." Whom do you mean by "we"?

A. The people in the trade.

Q. You were then with the Pittsburgh Wire Company?

A. I was then with the Pittsburgh.

Q. And you were making wire?

A. We were making wire rods.

Q. But you were not making bars?

A. No.

Q And you were not making rails?

A. No.

Q. Your product did not come in competition very much with the Carnegie Company?

MR. SEVERANCE: You asked him if he was not then with the Pittsburgh Wire Company. When do you mean?

MR. DICKINSON: I mean at the time the Corporation was formed?

MR. SEVERANCE: No, he was in the American Steel & Wire Company, as he has already testified.

THE WITNESS: Yes; the American Steel & Wire Company at that time.

MR. SEVERANCE: You did not fix your date.

By MR. DICKINSON:

Q. Don't you know that the Consolidated Steel Wire Company had a contract with the Carnegie Company to keep out of the business?

A. Out of what business.

Q. With the Carnegie Company, to keep out of the wire business?

A. You mean the Consolidated Steel Wire Company had a contract with the Carnegie?

Q Yes, a contract with the Carnegie to keep out of the wire business.

A. I never heard anything of it.

Q. And if that was a portion of the history of the business at that time you are not familiar with it?

A No, sir.

Q. Don't you know that the American Steel & Wire Company was regarded by the Carnegie Company as a competitor in the angle business prior to the time of the formation of the Corporation?

MR. SEVERANCE: I object to that as incompetent.

MR. LINDABURY: And as calling for a state of mind.

MR. SEVERANCE: Yes; it calls for an exposition of the mind of somebody else.

THE WITNESS: I am not in an intelligent position to say.

By MR. DICKINSON:

Q. Don't you know that the Carnegie Company had a girder rail mill and was paid money to keep out of the manufacture of girder rails by the other companies?

A. I do not.

Q. What tonnage would you call a limited tonnage, "in

a limited way," speaking of sheet bars? Take the National Steel, for instance; what would you call the production of that company, what would be a production in a limited way of sheet bars of such a company as that?

A. I would not attempt to answer that.

Q. The question was asked you on page 7,376 of the typewritten testimony, referring to the Carnegie Company and the Lorain Company, as follows:

"Q. Were they both manufacturing billets, slabs and sheet bars?

"A. Yes; not sheet bars. The Illinois Steel Company did not make any sheet bars. The Carnegie Company made sheet bars in a limited way."

Q. What did you mean then when you answered that the Carnegie Company made sheet bars in a limited way?

A. I knew that they furnished sheet bars to a few concerns like the Canonsburg Iron & Steel Company and Zug & Company, and other companies in Pittsburgh, and of course the National Steel Company furnished the bulk of the bars to the interests with which they were affiliated.

Q. But did they make tin plate bars? Didn't they make tin plate bars in a large way?

A. The Carnegie Company, you mean?

Q. Yes.

A. They made some at their Duquesne mills.

Q. Take what they made at their Duquesne mills, of tin plate bars, and the sheet bars to which you have just referred. Would you say that they made sheet bars in a limited way, in view of your previous statement that sheet bars and tin plate bars were substantially the same thing?

A. Yes; they were rolled on the same mill.

Q. Would you say that their whole production in sheet bars and tin plate bars was limited, and if so, what tonnage would you imply by that?

A. They might have made 25,000 or 30,000 tons a month. I would not consider that a very large tonnage.

Q. How much did the American Tin Plate Company consume a year of tin plate bars in 1898 and 1899?

A. A year?

Q. Yes.

A. I haven't any recollection of that.

Q. Well, was it a large or a small consumer?

A. Large.

Q. Would you consider one-fourth of the entire consumption of the American Tin Plate Company a limited production of sheet or tin plate bars?

A. Comparatively so.

Q. Would you say absolutely so?

A. No.

Q. Would you consider 176,000 tons of sheet bars to be manufacturing sheet bars in a limited way?

A. Over what period?

Q. In one year.

A. That would only be 12,000 or 13,000 tons a month.

Q. How many companies at that time were making that much a month?

A. What, of sheet bars?

Q. Yes.

A. I have no recollection.

Q. Would you say that such a production was a production in a limited way?

A. Comparatively so.

Q. Not absolutely so?

A. No.

Q. Comparatively with what, now?

A. With other companies.

Q. Do you know any concerns that were producing 176,000 tons of sheet bars in a year, in 1899 or 1900, and if so, name them.

MR. SEVERANCE: Where do you get that figure? I do not find it on this exhibit.

MR. DICKINSON: I will show it to you later on.

MR. SEVERANCE: You are asking him to assume they made that.

MR. DICKINSON: No, I am asking him if he knew any that did.

THE WITNESS: In what year, 1900?

By MR. DICKINSON:

Q. Yes.

A. No, I have no recollection.

Q. Would one-fourth of the entire consumption of the American Tin Plate Company in 1898 or 1899 be a large or a small amount of tin plate bars?

A. I would not consider it a dependable quantity for the American Tin Plate Company to consider with respect to their total requirements.

Q. What do you mean by a dependable quantity?

A. Well, a concern having a very large production could not depend altogether on the source of supply that would only give them 25 per cent. of their producing and finishing capacity.

Q. But the question I am asking is, would that amount be a large or small amount of tin plate bars to consume in one year, one-fourth of their entire demand?

A. It would be a fair quantity.

Q. Would you call it small?

A. It is all relative.

Q. How many concerns in the United States at that time other than the American Tin Plate Company consumed as much as one-fourth of what the American Tin Plate Company consumed?

A. I have no recollection.

Q. Then as compared with others who were in the tin plate business at that time would you say the amount represented by one-fourth of the consumption of the American Tin Plate Company in the year 1899 or 1900 was small or large?

A. A fair quantity.

Q. I call your attention, Mr. Farrell, to the minutes of the Carnegie Steel Company, Government Exhibit, Volume VI, page 1910, where under the head "Summary of Important Sales, January 1st to December 31st, 1900," it recites that in the domestic business there were 111,121 tons of sheet bars. Would you consider that, as compared with what other makers were producing at that time, an appreciable amount?

A. Is that the production of the Carnegie Steel Company?

Q. That is what it says here.

A. In what year?

Q. The year January 1st to December 31st, 1900, sales, domestic.

MR. SEVERANCE: I object to that as not a question for expert testimony.

(The question was read as above recorded.)

THE WITNESS: That does not state the period over which the material was sold. That simply refers to sales.

By MR. DICKINSON:

Q. Yes, it says "Summary of important sales from January 1st to December 31st, 1900."

A. But it might extend over a period of two or three years. It might be the requirements of the people for two or three years.

Q. Suppose we assume——

A. Well, I do not want to assume.

Q. Well, answer it then on the assumption that it represented sales from January 1st to December 31st, 1900; would that be, as compared with sales that other manufacturers of sheet bars were making in that year, an appreciable amount?

MR. SEVERANCE: Objected to as asking for a conclusion and a definition. The facts should be inquired into.

THE WITNESS: I would not attempt to answer the question, Judge.

By MR. DICKINSON:

Q. Now referring to the consumption of the American Tin Plate Company I call your attention to the minutes of the Carnegie Steel Company, Limited, Volume III, for January 16th, 1899; page 1184 and 1185, where the following occurs:

"We have under consideration a contract with the American Tin Plate Company of New Jersey, which has been agreed to, subject to the action of the board.

"The contract was read in full, the features thereof being:

"Quantity: 125,000 gross tons of tin and black plate bars (not including sheet bars) per year for a period of five years, from July 1, 1899, and thereafter until after one year's written notice, which may be given by either party, on or after July 1, 1903."

Now, coming over to page 1,185, near the bottom:

"All spoke in favor of the making of this contract, and, on motion (Schwab and Phipps), its execution was authorized, the vote being unanimous.

"MR. PEACOCK: This represents 25 per cent of their total requirements of last year.

"MR. SCHWAB: It is more than double what we sold last year."

Now, do you know anything about that contract, and how long it continued to operate?

A. No, sir.

Q. You observe it was a five year contract, beginning July 1, 1899, which would have carried it to 1904. Do you know whether that contract continued in operation until that time?

A. I have no information on the subject.

Q. Turn now to Volume 55, page 7,389 of the typewritten testimony. You were asked:

"Q. Did the Carnegie Steel Company sell sheet bars to any extent outside of Pittsburgh?"

And you answered. "Not to any extent."

What did you mean, Mr. Farrell, by your answer "Not to any extent."?

A. I meant that the bulk of their production was sold locally.

Q. Did you mean by that, that although the bulk was sold locally, they may not have sold considerable quantities outside of Pittsburgh in competition with any other of the subsidiaries of the United States Steel Corporation in interstate commerce?

A. I have no knowledge or information as to that.

Q. And you did not mean to imply that by that answer?

A. No, sir.

(Whereupon a recess was taken until two o'clock p. m.)

AFTER RECESS

JAMES A. FARRELL

the witness under examination at the taking of recess, resumed the stand.

CROSS EXAMINATION (Continued).

By Mr. Dickinson:

Q. Mr. Farrell, yesterday you were asked to produce some contracts of the American Bridge Company and some correspondence and one special letter which was referred to. Have you got those?

A. I have not had an opportunity to get them, Judge. I tried to get in communication with the president of the American Bridge Company this morning, and he was away.

Mr. Severance: Let us see if we can not get them right away. Did you want to use them in the cross examination or simply put them in evidence?

Mr. Dickinson: It would be just as well to put them in evidence.

The Witness: He said he would have them this afternoon.

Mr. Severance: We will produce them.

By Mr. Dickinson:

Q. Mr. Farrell, you testified in regard to the percentage of the business, as to how much of the business, the percentage of the business of each of the subsidiaries was foreign in the years 1910 and 1911, and you gave certain percentages there.

Mr. Severance: What page is that?

Mr. Dickinson: This is page 7,113, Volume 53 of the typewritten testimony.

By Mr. Dickinson:

Q. Can you state what was the percentage of the foreign business of the Carnegie Steel Company for the year 1901; what percentage of the business done by the Carnegie Steel Company in 1901 was foreign?

A. No.

Q. Could you answer that as to the National Tube Company?

A. I have no recollection.

Q. If I should ask you the same questions from 1901 up to 1909, inclusive, what would your answer be?

A. My answer would be that I do not recollect the percentage.

MR. SEVERANCE: What years?

MR. DICKINSON: 1901 to 1909, inclusive.

By MR. DICKINSON:

Q. Now, Mr. Farrell, when you answered the percentages that you did, didn't you rely mainly upon a memorandum that had been prepared and presented to you?

A. No. The data was furnished to me from time to time, and I was familiar with the nature of their business, and the average volume of their business exported; I could probably give approximately the percentages.

Q. You had a memorandum, did you not?

A. Yes; it was introduced in the evidence.

Q. How was that memorandum prepared and by whom?

MR. SEVERANCE: No, it was not introduced. There was not any memorandum introduced on that subject, was there?

MR. DICKINSON: You asked him if he had a memorandum; you asked him this: "Have you made a memorandum, or can you remember without refreshing your recollection more thoroughly as to what percentage of the business of each of the subsidiaries is now foreign?" The answer was "Yes."

By MR. DICKINSON:

Q. Do you mean to say by that "Yes" to both parts of that question, that you had made a memorandum and that you also, without refreshing your recollection, could answer?

A. I prepared a memorandum from data that had been furnished to me from time to time, and I was familiar with the matter.

Q. You prepared the memorandum yourself?

A. I had a memorandum, yes.

Q. Which you prepared?

A. Yes

Q. From what sources was that prepared, what data?

A. From the information that was furnished to me by the various subsidiaries, the various companies.

Q. And this was based then upon that information?

A. Partly, and partly from information that had been furnished me by the Steel Products Company, with which business I was very familiar.

Q. So from those two sources this memorandum was made up?

A. Yes, sir.

Q. Now, independently of that memorandum and independently of those sources of information, did you have any distinct recollection as to the years 1910 and 1911, which would have enabled you to give even approximate percentages?

A. I think so.

Q. How is it then that you can give them for 1910 and 1911 and not for 1909?

A. For what company?

Q. I asked you about the Carnegie Company and the National Tube Company.

A. The Carnegie percentage approximately was about 14 per cent.

Q. In what year?

A. 1909.

Q. 1909?

A. Yes, sir.

Q. And what was the National Tube Company in 1909?

A. About 16 or 17 per cent.

Q. How?

A. About 16 or 17 per cent.

Q. That is, as I understand you, the percentage done by the Carnegie Steel Company for the year 1909 as compared with all its business—— the percentage of business done in foreign countries by the Carnegie Steel Company in 1909 as compared with all the business done by that company in 1909 was 14 per cent?

A. Without refreshing my recollection.

Q. Was it more in 1909 than it was in 1910 or 1911?

A. There was very little difference between 1909 and 1910.

Q. What would you call a little difference?

A. One and a half per cent.

Q. Now, take 1908; of all the business done by the Carnegie Steel Company what proportion of it was foreign?

A. I have no recollection.

Q. And can you give the National Tube Company for that year?

A. I would not attempt to.

Q. You would not attempt it?

A. No.

Q. What was the National Tube for 1909?

A. I would not attempt it.

MR. SEVERANCE: Didn't you ask him 1909 just a minute ago?

THE WITNESS: I stated that once.

By MR. SEVERANCE:

Q. What year was it they asked when you said 16 or 17 per cent?

A. I make the same answer that I made before, 16 or 17 per cent. You asked the same questions twice; sometimes my mind carries on.

By MR. DICKINSON:

Q. You answered 16 or 17 per cent as to the National Tube?

A. Yes.

Q. For the year 1909, is that?

A. Yes.

Q. Take the American Sheet & Tin Plate Company, what percentage of all its business done in 1909 was foreign?

A. About 14 or 15 per cent.

Q. And in 1908?

A. I do not recall. 20.8 in 1912.

Q. Take the American Steel & Wire Company, what percentage of all its business done in 1909 was foreign?

A. About 17 or 18 per cent.

Q. How about 1908?

A. Very little difference.

Q. Was it less in 1909 or 1910?

A. About the same.

Q. Now, take the Lorain Steel Company for 1908, what percentage of its entire output was foreign?

A. Between 20 and 25 per cent approximately.

Q. How about 1909?

A. About 25 per cent.

Q. In 1910?

A. About 30 per cent.

Q. So it did more, then, according to your recollection in 1910 of foreign business than it did in 1909?

A. That is my recollection.

Q. Can you state any period between the years 1893 and April 1st, 1901, in which there was not severe competition between the Illinois Steel Company and the Carnegie Company in respect to the sale of rails other than the periods in which the competition between said companies in respect to the sale of rails was restrained by pooling agreements?

A. I have no recollection.

Q. Do you know whether or not in October, 1900, the Carnegie Company was negotiating with the La Belle Steel Company, which was a customer of the National Steel Company, to furnish the La Belle Company with its requirements of billets?

A. I have no knowledge on that.

Q. What was the capacity of Lindsay & McCutcheon in the year 1898?

A. I have no recollection on the subject.

Q. And in the year 1899?

A. The same reply, sir.

Q. Could you give its capacity at any time preceding the formation of the Corporation, in tons?

A. I would not attempt to.

Q. What would you say in regard to the capacity in 1898 of 48,000 tons per annum, whether it was large or small for a hoop company?

A. Well, they made mine rails as well as hoops.

Q. What kind of rails?

A. Small rails, eight pound rails; they also manufactured hoops.

Q. Well, take the combined output of all they did, would you call it a large or small concern?

A. A fair concern, about 100 tons a day.

Q. Comparing it as a hoop concern with other manufacturers of hoops at that time, would you say that it was a large or small concern?

A. About the same size as most of the companies that were in that business at that time.

Q. Before the formation of the Corporation did you have an intimate knowledge of the production of the National Steel Company?

A. Pretty generally.

Q. Pretty general?

A. Yes.

Q. I was going to continue, as to its customers?

A. Yes, pretty generally.

Q. Did you have at that time, as of that time, not from information acquired since, but as of that time, knowledge of its capacity and the kind of things it was producing, and who its customers were?

A. I knew the location of their mills. Their mills were located at the Buhl Iron & Steel Company at Sharon, and the Bellaire, and the Mingo Works of the Aetna Standard at Mingo Junction and the Shenango Valley Company at New Castle, and King, Gilbert & Warner of Columbia.

Q. Did you at that time know who their customers were?

A. Prior to the formation of the Corporation?

Q. Yes.

A. Largely the American Tin Plate Company and the American Sheet Steel Company—what was called the Moore interests.

Q. Did you know how the patronage of those companies was divided up between the Carnegie and the National, to what extent each of them sold these companies?

A. Sold which companies?

Q. Sold the Moore Companies.

A. Oh, that was sheet and tin plate? My recollection is that the bulk of the requirements of the Moore companies was supplied by the National Steel Company.

Q. Do you know what proportion of it was supplied by the Carnegie Company?

A. No.

Q. What proportion of the demands of those companies?

A. No.

Q. Do you know whether the National Steel Company sold to any other concerns except the Moore Companies?

A. I understand that they did sell to companies in Youngstown, like the Mahoning Valley Iron Company and the Niles Sheet Company and others.

Q. You say you understand they did?

A. I did not make the sales myself.

Q. But do you know as of that time who their customers were and what proportion of their output was sold to customers other than the Moore concerns?

A. No, sir.

Q. At Volume 55, page 7,391, you were asked about the Carnegie Steel Company selling bars abroad. The previous question refers to the Carnegie Company exporting sheet bars. Did you understand that to be substantially the same thing when you answered the question?

A. Well, I would have to have it read.

MR. SEVERANCE: Read him the whole of it.

By MR. DICKINSON:

Q. I will read you what appears. (Reading):

"Q. Was the Carnegie Company engaged in the export business of sheet bars at that time?

"A. Intermittently.

"Q. When was it that the National Steel Company sold some bars abroad?

"A. I think in 1900.

"Q. Did the Carnegie Steel Company sell bars abroad at that time?

A. Yes, sir; sheet bars.

Q. It was the same thing, sheet bars?

A. Yes.

Q. Your answer was:

"A. Prior to that time they had sold; I do not think they were selling any that year, excepting probably small quantities. I do not think they were selling abroad at that time. They sold largely in 1897 and 1898."

Now, I call your attention to Government Exhibits, Vol-

ume VI, page 1,909, under the heading "Summary of Important Sales, January 1 to December 31, 1900, is as follows," and on page 1,910, 65,550 gross tons foreign. Now, what would you say to that?

A. In what year, 1900?

Q. Yes, in the year 1900.

A. My statement, as I recollect it, was that I believed they were selling some sheet bars, but I——

Q. The question was: "Did the Carnegie Steel Company sell bars abroad at that time?

"A. Prior to that time they had sold."

That is, prior to 1900.

"I do not think they were selling any that year, excepting probably small quantities."

Would you call 65,550 tons a small quantity?

A. The consumption of sheet bars, sheet and tin plate bars, in Great Britain in 1900, was about 1,300,000 tons, most of which were imported from Germany, Belgium and France, and that would be a rather small tonnage, compared with the requirements of the companies; but it would be a fair quantity.

Q. A fair quantity?

A. To the producer.

Mr. Dickinson: Unless you insist upon going on, Mr. Farrell, I think I am going to stop.

The Witness: Thank you.

RE-DIRECT EXAMINATION.

By Mr. Severance:

Q. You stated when you were examined with reference to certain contracts with different concerns for large tonnages made below the ruling market price, that that was a common matter in the trade, or something to that effect. What is the fact as to whether other steel manufacturers have been in the habit of making contracts of that kind?

A. They have.

Q. Is it usual or unusual to make them?

A. Usual.

Q. Speaking generally, how was the price of steel in 1904, compared with 1901 and 1902?

A. Considerably lower on some commodities; pipe was about $14 a ton lower than 1901, and lower in practically all the commodities: several dollars a ton in wire nails.

Q. Without going into it in detail, it is a fact, is it, that it was considerably lower?

A. Considerably lower.

Q. You stated several times that you——

MR. DICKINSON: Do you include the whole of 1901 there?

MR. SEVERANCE: I say in 1901 and 1902. I am speaking generally, not in detail, month by month, but in general were the prices lower. I do not think Mr. Colton has any doubt that that is correct, speaking generally of those years.

By MR. SEVERANCE:

Q. Mr. Farrell, you have spoken several times about your general knowledge of the trade conditions over a series of a good many years. How did you acquire that knowledge?

A. From the information that was furnished me by my associates in the business, from information that I derived myself, from contact with customers and competitors; information from trade papers both in this country and abroad, and from a general absorption of all the details that go into our business.

Q. Was that an intermittent thing, or has it been constant?

A. Continuous.

Q. Not fluctuating?

A. No.

Q. Mr. Farrell, you stated in answer to counsel yesterday, I think, or the day before, that you had never heard or seen, I have forgotten which you stated, the agreement between the sellers of the Union-Sharon Steel Company and the Steel Corporation or someone in its interests, by which these gentlemen agreed for a number of years to stay out of the steel business. On further recollection or further inquiry or examination or in any way, do you desire to change that statement?

A. It occurred to me immediately after I made the reply

that I was mistaken in that; because Mr. W. H. Donner came to me at the time that he was offered the presidency of the Cambria Steel Company and said there was an arrangement of that kind and that he felt it was improper for him to accept the presidency of the Cambria Steel Company. I said to Mr. Donner, "Disregard that entirely——"

MR. DICKINSON: We object to his repeating a conversation between him and Mr. Donner. I do not object to his stating that he was incorrect and now recollects differently.

By MR. SEVERANCE:

Q. What did you say to Mr. Donner?

A. I said to Mr. Donner, "You may disregard that agreement, Mr. Donner, and accept the position of president of the Cambria Steel Company. We would not stand in your way or anybody's way under any such circumstances."

MR. SEVERANCE: I call attention of counsel to the fact Mr. Donner said the same thing in his testimony.

By MR. SEVERANCE:

Q. You first stated that the Shelby plant was purchased somewhere between 1900 and 1902; shortly after you said that on further reflection you thought it was 1904. What is the fact about that?

A. In giving the year 1904 I had it confused with the purchase of the Clairton Steel Company; the Shelby was purchased in 1901 and the Clairton in 1904 and the names sort of came together in my mind.

MR. SEVERANCE: That is all.

RE-CROSS EXAMINATION.

By MR. DICKINSON:

Q. Mr. Farrell, one thing was brought out that I excepted to as incompetent; when did you have this conversation with Mr. Donner?

A. In July or August of 1912.

Q. That was after the petition was filed in this case, was it not?

A. Possibly.

Q. It was filed October 26, 1911.

MR. SEVERANCE: The question is, was July, 1912 later than October, 1911.

THE WITNESS: It was.

MR. DICKINSON: We would not know that unless Mr. Severance was here to tell us.

MR. SEVERANCE: I should think you would know it without asking this witness. I am surprised at your having to inquire, Judge.

By MR. DICKINSON:

Q. Now, Mr. Farrell, how long, at the time you released Mr. Donner, did that contract have to run?

A. I don't know, he merely stated that such an obligation was in existence.

Q. I call your attention to Government Exhibits, Volume IV, page 1,580, which has the following provision:

"The vendors severally agree with the Steel Company that they respectively will not, within the United States or the Dominion of Canada, for a period of ten years from December 1, 1902, engage directly or indirectly in the manufacture of iron or steel or articles made therefrom now manufactured by the Steel Company, the production of furnace coke or the mining or production of iron ore, except in the Territory of Arizona and the State of Florida."

That is the contract you referred to, isn't it?

A. Yes.

Q. Then that contract expired December 1, 1912, didn't it?

A. Apparently.

Q. And you released Mr. Donner in July, 1912?

A. Well, it would not have made any difference; we would have released him five or six years before that if he asked us to.

By MR. SEVERANCE:

Q. You released him as soon as he asked you to, did you not?

A. Yes.

THOMAS W. JOYCE,

a witness called on behalf of the defendants, having been duly sworn, testified as follows:

DIRECT EXAMINATION.

By Mr. Lindabury:

Q. What is your business?

A. Clerk in the employ of J. P. Morgan & Company.

Q. How long have you been in that employ?

A. About thirty years.

Q. And generally what are your duties?

A. My duties are commonly known as those of security clerk.

Q. Do you remember having been assigned by any member of the firm of J. P. Morgan & Company to make an examination of the books of Moore & Schley in the early part of November, 1907?

A. I do.

Q. Do you remember the day of the month or of the week?

A. I think it was on the third of November, Sunday morning.

Q. Who instructed you; and what were your instructions?

A. Mr. Morgan directed that I go to the office of Moore & Schley and verify from their books the holdings of Tennessee Coal & Iron Stock they had in their possession or under their control.

Q. And did you do it?

A. I did.

Q. Were you assisted in doing that by anybody?

A. There were present, according to my memory, a member of the firm of Moore & Schley and one of their clerks.

Q. When was this day with regard to the panic of that period?

A. Just about that period of time.

Q. And when did you make this examination, on what day?

A. On Sunday morning.

Q. That is, immediately following your instructions?

A. Yes.

Q. How long a time were you engaged in it?

A. Practically the entire day.

Q. Where did you make it?

A. At their office, 80 Broadway, the office of Moore & Schley.

Q. What did you examine?

A. I examined their books.

Q. I am asking you generally.

A. I examined their books which were submitted to me. I did not see any securities, because being Sunday morning the vaults were all locked, but I examined their records which were submitted to me, supposed to be the records kept by them, showing the specific holdings of stock.

Q. How much stock did you find of the Tennessee Coal & Iron Company to be among their assets, as represented by their books?

(Here the witness produces a paper.)

MR. DICKINSON: May we examine that before he uses it?

THE WITNESS: I have only a memorandum for my own use. I will let you have it.

MR. DICKINSON: Are you going to testify from the memorandum here?

THE WITNESS: I cannot give the figures from memory.

MR. DICKINSON: I am speaking to Mr. Lindabury. Are you using the memorandum?

MR. LINDABURY: Only to refresh his recollection as to what he desires to testify to.

By MR. LINDABURY:

Q. Haven't you some original memoranda?

A. This is an extract from it, condensed.

Q. But have you or not some notes or any notes that you made at the time?

A. Yes; I have.

Q. Have you got them with you?

A. No, I did not bring them with me.

MR. LINDABURY: I will have him bring them later. I thought he would, though I did not ask him to. I will let you have, if you choose, a copy of his original memoranda that

he gave me some time ago. That is the reason I supposed he had the original. He has some condensation or abstract from it.

MR. DICKINSON: I just wanted to see whether you were going to put that memorandum in evidence. I simply wanted to get it.

MR. LINDABURY: No, my only object was to use the memorandum to refresh his memory, but of course, it is open to your inspection if you desire it.

MR. DICKINSON: That is the reason I wanted to look at it.

MR. LINDABURY: No; he has not brought that, but he gave me previously a copy of it, which I myself compared with him, and I know it is a copy, and I will let you use that now and have him produce it later, or we will stop and let him go and get it, which will take ten or fifteen minutes.

THE WITNESS: I can telephone over for it.

MR. LINDABURY: Perhaps this will do for the present.

MR. DICKINSON: This is a copy of what he is using?

MR. LINDABURY: No; this is a copy of the original.

(The stenographer repeated the pending question, as follows):

"Q. How much stock did you find of the Tennessee Coal & Iron Company to be among their assets as represented by their books?"

By MR. LINDABURY:

Q. (Continuing) I am asking you for one figure, you know?

A. 157,700 shares.

Q. Did you make any report of your investigation?

A. I did.

Q. And to whom?

A. I gave my report to J. Pierpont Morgan.

Q. When?

A. On the evening of that Sunday on which I investigated the books.

Q. Did you give the details of anything beyond this gross amount of shares, or don't you recall?

A. I think there was a little more detail, more than the pencil memorandum which I have in my possession.

Q. Where did you give that to him? That is, where was he when you gave it to him?

A. Mr. Morgan was at his library on 36th street.

Q Do you remember the time in the evening?

A. Between five and six o'clock p. m.

Q. Did you see Mr. Schley that evening?

A. Later on in the evening, yes.

Q. Where?

A. At that library.

Q. Did you inform him of the result of your examination?

A. I did.

Q. And the figures you had given Mr Morgan?

A. I showed him a copy of my pencil figures, yes.

Q. Did your pencil figures have this total on it?

A. He said that that was just as he——

Q. No, you are not answering the question.

MR. DICKINSON: I would like to enter an exception there to all that passed between him and Mr Schley, as incompetent.

By MR. LINDABURY:

Q. Did your copy show the figures you have now given, 157,700 shares?

A. It did.

Q. And what did Mr. Schley say about it, if anything?

MR. DICKINSON: I object to that as irrelevant and incompetent.

THE WITNESS: He said "Those figures in your memorandum agree with mine."

MR. LINDABURY: You may take the witness.

CROSS EXAMINATION

By MR. DICKINSON:

Q. Mr. Joyce, for what purpose did you go there?

A. To verify the holdings of Tennessee Coal & Iron stock in their possession and under their control.

Q. For any other purpose than that?

A. No, sir.

Q. Then what you did there was confined to the work done for carrying out that purpose?

A. Yes.
Q. Where did you say this was done?
A. Sunday morning, November 3, 1907.

MR. LINDABURY: The question was "where."
THE WITNESS: At the office of Messrs. Moore & Schley.

By MR. DICKINSON:
Q. When did you go there?
A. Sunday morning.
Q. No, I mean the hour.
A. I imagine I must have arrived there about nine o'clock.
Q. Whom did you meet there?
A. One of the partners of Messrs. Moore & Schley.
Q. Who?
A. Mr. Chilton, I think it was, and a clerk in their office.
Q. Do you know the name of the clerk?
A. Tierney, I think.
Q. And you say you think Mr. Chilton?
A. Chilton I think his name is; yes, sir. I think it is Chilton.
Q. You are in doubt simply as to the name or the person?
A. No, it is simply whether I have it right or not. I know it was the junior partner of the firm at that time.
Q. You got there about nine o'clock. How long did you stay there?
A. I left there shortly after five.
Q. And your only object in going there was to verify the holdings of Moore & Schley of the stock of the Tennessee Coal, Iron & Railroad Company?
A. According to their books.
Q. Did you adjourn, or did you take any recess, between nine and five?
A. Yes, we went to luncheon.
Q. About what time?
A. About half past one, I imagine; I cannot recall the exact hour, but it was midday.
Q. Did you lunch with them?
A. No, none of the representatives of Moore & Schley was with me.
Q. Did both of these men you mentioned, the junior part-

ner and Tierney, stay there with you from the time you got there in the morning until adjourning time for luncheon?

A. They were there when I arrived, and I left them there.

Q. Then were they both there when you returned?

A. From luncheon, yes.

Q. And did they both stay with you?

A. They did.

Q. Until you finished your work?

A. Yes, sir.

Q. You said you finished, I believe, about five o'clock in the afternoon?

A. A little after five.

Q. So in verifying the holdings of Moore & Schley of the Tennessee Coal, Iron & Railroad Company you were working from something after nine o'clock in the morning until about one o'clock—was it?

A. One or half past.

Q. One or half past; and when did you come back from luncheon?

A. Half past two, probably.

Q. And then from half past two, about, until five o'clock?

A. Yes.

Q. And were you working all that time on that proposition?

A. I was.

Q. Just state how you went about that work, what you did, and what books and what papers you examined.

A. The representative of Moore & Schley exhibited to me their record books in which they showed that they had either in their possession or in loans that were outside from various parties Tennessee Coal & Iron stock. I tabulated those various amounts and arrived at this result, 157,700 shares.

Q. Did you see anything besides those records as you have described?

A. I do not understand your question.

Q. I mean, did you see any books or papers except these records, such as you have described in your preceding answer?

A. I saw from their record books the holdings of other shares of stock too.

Q. No, I am not asking about their holdings, but did you

see any records or books or papers other than those records which you have just described?

A. No.

Q. In what form were those records?

A. The usual books kept by a banking house and brokerage house, and one, I presume, what a commercial man would call a stock book, or at least a list showing the total holdings of stock; I do not know what they called it, I do not know what they call their book, but it is what we call in our office a stock book, similar to—

Q. You did not examine any certificates of shares?

A. No, I saw no certificates whatever.

Q. You did not look into any boxes at all?

A. No.

Q. Was there anything on these records which you have referred to which showed as to whether shares were held merely for safe-keeping, or whether they were held subject to their use, or whether they owned them themselves, or whether they had advanced upon them?

A. I could tell from their records, the books which they exhibited to me, which shares were pledged; that is, the number of shares which were pledged as collateral to loans; then I could also tell from a book which they exhibited to me that the stock was what they called in their office "free" stock.

Q. Free stock. Did this stock which you tabulated, which resulted in the number of shares you have specified, 157,700, cover any stock that was held by them merely for safe-keeping, that they themselves had no ownership of?

A. I should think that would be covered by the free stock.

Q. What do you mean by free stock?

A. Where there was no strings attached to it; it was not pledged as collateral; it belonged either to them or they had control of it for such uses as they wished to make of it.

Q. Did it include any stock owned by others that Moore & Schley did not have control of?

A. I could not say.

Q. You could not say?

A. I could not say.

Q. Mr. Joyce, I will ask you again to define what you mean by shares of free stock.

A. Well, it is a common expression used on Wall Street with stock that is not pledged as collateral, or on which money has not been advanced, commonly called free stock; free to be disposed of or to sell or to deliver.

Q. Do you know that all that you included in this memorandum of shares of free stock was owned absolutely by Moore & Schley?

A. No, I could not answer that question. Their books showed that they had, as they tabulated in their records,—I do not know how they kept records; I can not recall minutely the details, but their records showed that they had in their possession a number of shares of free stock; the other stock which they had was outside pledged as collateral partly against loans.

Q. You do not know the ownership of that free stock?

A. No, sir; I did not have time to go through their records.

Q. And you do not know whether that free stock was owned entirely by them, or partly by others?

A. I did not go there for that purpose. I just went there to verify their holdings of stock.

Q. That is to say, what stock they had in their possession?

A. In their possession, according to their books.

Q. How much of that free stock was there?

A. 36,000 shares.

MR. DICKINSON: That will do.

By MR. LINDABURY:

Q. Mr. Joyce, did you make any calculation at that time as to the amount of cash that Moore & Schley would be able to realize that would be applicable for their general business purposes, if they sold Tennessee Coal & Iron stock at the price that was then under consideration?

A. I did.

Q. I have here a paper which you gave me, as a copy of one, I think, you made at the time, and which I suppose you also have left over at the office?

A. Yes.

Q. Am I right about that?

A. Yes, sir.

MR. LINDABURY: I will get those for you if you want them, gentlemen. I know that this is correct.

By MR. LINDABURY:

Q. Please tell me how the thing worked out.

MR. LINDABURY: Judge, I think you might want to look at this. Suppose you come up by the witness.

MR. DICKINSON: Is that different from this?

MR. LINDABURY: A different thing entirely. Suppose you come up by the witness, because he will need it too, and I will look on between you.

THE WITNESS: My recollection is that they had 71,700 shares of stock pledged in loans at 105; that is the price they put it in, and they would have borrowed against that $7,528,500.

By MR. LINDABURY:

Q. What do you mean by saying that "they would have"?

A. That is the amount of money that they would have as margin against any loans that they might make.

Q. You mean, then, what they had borrowed on it?

A. I don't know whether that was the amount they borrowed against those specific shares, but that is the amount of margin that they would have to put in their loans.

Q. All right.

A. It was understood that in order to acquire that at 120 it would bring $8,605,000; that amount of bonds they would get in the Steel bonds—— the Steel bonds were then selling about 84—— $8,605,000 worth of Steel bonds at 84 would net about $7,228,760; so if they had no other collateral at all, and this was the amount of their indebtedness and they wanted to wipe it out they would have $7,228,000 in the proceeds of these Steel bonds at 84 to wipe out the debt; that would be about $300,000 short.

Q. Give the exact figures.

A. $299,740, approximately, being the cost of about 400 bonds.

Q. So that if they took up their 71,700 shares which were pledged at 105, it would have taken $299,740 more than they could get from the Steel bonds at 84 to wipe out the debt.

A. To wipe out the debt.

Q. Yes, to wipe out that debt. Go on.

A. Irrespective of interest. Then according to Moore & Schley's record, the private memorandum exhibited according to their private books, they had already exchanged 20,000 shares of stock, for $2,400,000 bonds, and I understood they had received on account of that $1,200,000.

Q. Do you remember from whom?

A. I think that information was given by Mr. Chilton.

Q. Do you remember where that $1,200,000 was gotten from?

A. I do not know whether it was one of the banks or the Steel Corporation; I do not know which now.

By MR. DICKINSON:

Q. You said $1,200,000 bonds. You mean money, don't you?

A. This is bonds.

Q. You said first they received $1,200,000 bonds?

MR. LINDABURY: Cash on these bonds at that value.

MR. DICKINSON: I thought you said bonds where you meant dollars.

By MR. LINDABURY:

Q. Then on that transaction they would gain how much?

A. $1,200,000.

Q. That is in taking up that stock and selling it at the price under consideration?

A. Yes, sir.

Q. They would have gained on that part of the transaction $1,200,000?

A. Yes. They were entitled to $2,400,000 bonds. The bonds are worth less than par. Those bonds were worth only 84.

Q. That would have made a gain of $1,200,000?

A. Bonds.

Q. Bonds at what?

A. These bonds were only worth 84 in the market.

Q. I know, but they would have gained $1,200,000, taking the bonds at par or at 84?

A. They would have only gained $1,200,000 bonds; these figures are all bonds.

Q. All right.

A. These figures are bonds. Here is the calculation down here, the total number of bonds.

Q. You mean bonds at par?

A. Bonds at par. Exchanging the bonds at 120 for every $1,000 par value of stock they would receive $1200 par value of bonds.

Q. At par?

A. Yes, sir.

Q. Now take the next block of stock?

A. The next exchange was 15,000 shares of stock for which they would be entitled to receive, at 120, $1,800,000 of bonds. Against this item there was due them $1,000,000 of bonds, making a balance due them of $800,000 of bonds.

Q. You have on your memorandum another block of 15,000 shares of stock. You have separated that from the 20,000 that you have been talking about. Now, why did you make that separation?

A. I cannot recall just why.

Q. Wasn't it loaned?

A. I think it was a separate transaction that their books showed. They showed these transactions separately, and I kept them that way.

Q. That is, they had borrowed on this block of 15,000 shares?

A. That is probable. I cannot recall the conditions just now, but I think they had probably.

Q. (Showing witness memorandum.) Now, then, against that 15,000 shares of stock you understood that they had bor rowed how much?

A. They had borrowed $1,000,000 of bonds.

Q. Now, the exchange would leave them how much there?

A. $800,000 of bonds.

Q. There is another item of 15,000 shares of stock?

A. Yes.

Q. Against that what do you understand had been borrowed?

A. Against that they would have been entitled to $1,800,000 of bonds, and they had received $1,000,000 of bonds.

Q. You have not answered the question. Against that how

much had they borrowed? Is not that the same (indicating on memorandum)?

A. No, that is bonds. I do not know how much they had borrowed against that. They simply had those bonds. They had made arrangements with the Steel Corporation or one of the banks, I do not recall now which; I have not that data with me; in fact, if I did have it it was probably in the memorandum that I gave Mr. Morgan, and I have not got it.

Q. How much in bonds do you find that the wiping out of that transaction would leave them, of that last loan?

A. That would have left them $800,000 of bonds.

Q. How much free stock do you say they had?

A. 36,000 shares.

Q. And of course all the bonds they got for that they would be able to retain?

A. Yes.

Q. How much did those bonds amount to?

A. $4,320,000, of bonds.

Q. After taking up all the loans for which their stock appeared to be pledged, with the bonds that they got or were to get under the transaction, how much in bonds do you find that would leave them?

A. $6,720,000.

Q. Now, they were to take the bonds at what price?

A. About 84.

Q. At 84 what would the bonds amount to in cash?

A. $5,644,800.

Q. That then would be the amount of available cash at the prices under consideration, that Moore and Schley would get as the result of the transaction?

A. Yes.

Q. And that is what these figures were intended to develop?

A. Yes.

Q. When did you make up that memorandum?

A. On that day, November 3rd, 1907.

Q. This you have before you is a typewritten paper. Do you know where that came from, do you know whether that is a copy, I mean?

A. This is a copy of some pencil figures which I retained in my possession.

Q. And that you gave to me some weeks ago?

A. Yes.

Q. You have the original from which that was made at your office?

A. Yes.

Q. And what did you do with that after you made it up? I mean, did you give it to anybody?

A. The statement that I had prepared I gave to Mr. Morgan.

Q. Along with the report that you have alluded to?

A. Yes.

Q. Only one more question. Did you have anything to do with the receipt of the Tennessee Coal & Iron stock that was turned in under the arrangement that was concluded a day or two after this?

A. It came into the possession of my department for safekeeping.

Q. It was turned in to J. P. Morgan & Company?

A It was.

Q. Are you able to tell me how much of the Tennessee Coal & Iron stock was turned in within say one week or ten days after the consummation of the transaction? I want only approximate figures.

A. I cannot say within a week, but I know that we delivered to the Steel Corporation prior to December 7, 1907, over 280,000 shares of stock.

Q. And when had that been received?

A. Between November 6th and December 7th.

Q. And how had that been received; on what account? In other words, was it in exchange for bonds under this transaction?

A. In exchange for United States Steel bonds.

Q. Were they all received from one person or firm, or from various persons?

A. From various persons.

Q. Among them, Moore & Schley?

A. Among them, Moore & Schley.

By Mr. Dickinson:

Q. Now, you spoke, Mr. Joyce, of a memorandum which you gave to Mr. Morgan. What was that memorandum?

A. It was a little more detailed than what I kept. I was so busy I did not have time to make a copy of it. I had to hurry up there, and I gave him just what I could prepare in a hurry.

Q. Was it in substance any different than this?

A. A little more in detail.

Q. In what respect?

A. I do not know just how it differed from that, but it probably was as handsome as I could prepare it for my employer.

Q. Well, have you a copy of that?

A. No, I have not.

Q. Where is that?

A. I gave that copy to Mr. Morgan. I have not seen it since.

Q. You do not know what became of that?

A. Not after I gave it to him, no.

Q. Did that in substance differ from this?

A. I do not think it did.

Q. You figure here, as I understand it, that $6,720,000 would be realized in bonds or money?

A. In bonds.

MR. LINDABURY: At par.

THE WITNESS: In bonds at par.

By MR. DICKINSON:

Q. In bonds at par for all of this stock?

A. For all of the 157,700 shares.

Q. Now, do you know where all of that was to go, of your own knowledge?

A. I do not think I understand just what you mean.

Q. Well, here you have 36,000 shares of free stock. Do you undertake to say that none of the proceeds of that 36,000 shares of free stock went to people other than Moore & Schley?

A. So far as I know, it went to Moore & Schley.

Q. So far as you know?

A. Yes.

Q. But do you know anything about it?

A. I do not.

Q. You do not know how much of that 36,000 shares of free stock they owned absolutely, or were holding for others?

A. I do not.

Q. Upon which they may have had no claim. You do not know anything about that?

A. No.

Q. On this table that you have used is the term "gain." Does that mean a profit, or does it simply mean that the amounts under that represented the amounts that would be received in bonds for the stock that is set opposite each of these amounts respectively?

A. There is no doubt it meant to me that they would have increased their holdings those additional amounts of bonds; that was not a profit, it was just an increase in their holdings.

Q. An increase over what?

A. So as to give them available bonds to dispose of in case they wanted to.

Q. Well, it took the place of stock?

A. It took the place of stock, in place of stock; they would have had these bonds in place of stock.

Q. So really, it does not represent a gain, but is just a substitution?

A. Yes.

Q. And shows the amount of this substitution?

A. And the amount of bonds they would have for the stock which they exchanged.

Q. Now, I observe here that in the first column you have got 71,700 shares at 105. That would represent $7,528,500. That is represented in money?

A. In money, yes.

Q. But reduced to bonds, it represented $7,120,000, did it?

A. Yes, because these items here are deducted, you will notice.

Q. Oh, they are deducted?

A. Yes.

MR. LINDABURY: The stenographer does not see what you pointed to. The items in what, in the first column?

THE WITNESS: In the first column, the exchange of the 50,000 shares of stock.

By Mr. Dickinson:

Q. Now, this memorandum which you have used, Mr. Joyce, shows the price at which the stock was to be taken, does it, 120?

A. The holders of stock spoken of were to receive 120 per cent.

Q. Yes, that is what they were to get?

A. In bonds of the Steel Company.

Q. In bonds?

A. Yes.

Q. And the bonds were selling in the market at 84 per cent?

A. At about 84 per cent.

Q. Then it shows a loss. What does that mean, "Loss, about 400 bonds?"

A. The loss is not a real loss, but if they had 400 bonds more in that exchange, they would have sufficient from the proceeds of the sale of them to wipe out that amount of money.

Q. It simply means, then, in getting this amount of bonds for that amount of stock, they were short 400 bonds upon the market, representing a cash amount which would wipe out the debt of $7,528,500?

A. Yes.

Q. How did you get that debt of $7,528,500?

A. The stock was then, at that time, pledged in their loans at 105 per cent; that was the price at which the stock was put up as margin.

Q. It was margined at 105, was it? Do you mean to say that the whole 71,700 shares was then pledged at 105?

A. Yes.

Q. In addition to that there were also 36,000 shares that were not pledged?

A. Unpledged.

Q. This memorandum shows here 36,000 shares free stock, $4,320,000?

A. Yes.

Q. Was that shown on the memorandum you gave Mr. Morgan?

A. It was.

Mr. Dickinson: That is all.

By Mr. Lindabury:

Q. This memorandum which you have last used, and from which you have testified, contemplates, as I understand you, the payment of the indebtedness for which the stock was pledged, so that they would have, after the exchange, free of all that indebtedness, the bonds in your last column to the right?

A. Yes.

Q. So this was intended to represent the situation they would be in after they took up these various pledges and exchanged the stock, and used the bonds to pay off the indebtedness?

A. Yes.

Q. The showing of $6,720,000 in bonds at par is intended to indicate the amount of bonds they would have free after the debts were paid for which their stock was pledged?

A. Yes.

Q. And that reduced on the basis of 84 for bonds, leaves $5,644,800 as the cash they would have on hand after the transaction was closed and their pledges were paid?

A. At those figures, yes.

Q. I mean, on the basis of 84 for those bonds?

A. Yes.

By Mr. Dickinson:

Q. Do you mean to say if all this stock of 71,700 shares, and the 36,000 shares of free stock, was all turned in, it would represent in bonds $7,120,000?

A. For all the stock pledged.

Q. If all the stock that was pledged, and the 36,000 shares were all turned in, what would it represent?

A. And the balance that was due them on these 50,000 shares, they would have $7,120,000 in bonds.

Q. You mean there would be that many bonds?

A. That many bonds.

Q. You do not mean to say that Moore & Schley had them?

A. That would represent everything.

Q. Represent the whole lot?

A. Everything.

Q. And if there were any other people that were entitled

to any of those 36,000 shares of free stock, they would get their part of it?

A. They would get their proportion.

By Mr. Lindabury:

Q. You gave this memorandum to Mr. Morgan, showing how the firm would come out of the transaction, did you?

A. Yes, a memorandum substantially like that, as far as I can recall now.

Q. Do you remember whether you called that to Mr. Schley's attention or not?

A. I did.

Mr. Lindabury: I offer that in evidence.

(The paper referred to was thereupon marked "Defendants' Exhibit (Joyce) No. 52, May 27, 1913," and is as follows:)

Tennessee Coal & Iron pledged in loans:		
71,700 @ 105		$7,528,500
Require at 120	$8,605,000	
Require at 84		7,228,760
Loss about 400 bonds, costing		299,740
Exchange:		
20,000 stock for	$2,400,000 Bonds	
Less amount received	1,200,000	
		Gain $1,200,000
15,000 stock	$1,800,000 "	
Due against same	1,000,000	
		800,000
15,000 stock	$1,800,000 "	
Due against same	1,000,000	
		800,000
36,000 shares Free Stock . . .		4,320,000
		$7,120,000

	Bonds
Less above . . .	400,000
	$6,720,000

@ 84 = $5,644,800.

By Mr. Dickinson:

Q. What do you mean by "you called to his attention," Mr. Joyce; the memorandum you gave Mr. Morgan, this memorandum, or what?

A. My recollection is, he asked me what I had found, and I showed him as far as I can recall now, the pencil memorandum which I have in the office, which is substantially that; that is a copy of it, and he said that agreed with his data.

By Mr. Lindabury:

Q. And on that there was this calculation to show how he would come out in this transaction, was there?

A. Yes.

Mr. Dickinson: I would like to look at that.

Mr. Lindabury: Suppose you bring it in tomorrow morning.

Mr. Dickinson: We will excuse him now. I do not think we want to recall him.

Mr. Lindabury: You had better bring it tomorrow. Judge, you might want to ask him something about this.

Mr. Dickinson: If you could let us have it this evening, I could let you know whether we would want you to come back or not.

The Witness: I could send it to Mr. Lindabury.

Mr. Lindabury: I had rather he would bring it, because I would rather have the original in evidence than a copy.

Mr. Dickinson: We do not make any objection to that.

Mr. Lindabury: Either way, then; I am not particular.

The Witness: It is the only valuable piece of paper I have left in the transaction, so I would like to freeze onto it.

(Witness excused.)

ELBERT H. GARY

was called as a witness on behalf of the Defendants, and having been duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. Lindabury:

Q. Judge Gary, will you state your business connections and business career during the years that you have been in business?

A. I am chairman of the board of directors and chairman of the finance committee and chief executive officer of the United States Steel Corporation.

Q. That is your present business connection. How long have you been connected with the steel industry, and what was your previous business career, only briefly, of course. You were a lawyer at some stage, we all know, some stage or another.

A. I was born on a farm, worked on a farm, finally studied law, practiced law at Chicago a good many years, and finally became actively connected with the steel business at the time of the completion of the organization of the Federal Steel, when I was made president of that company.

Q. Had you had any previous business association with any steel industry?

A. Yes; I was general counsel of the Consolidated Steel & Wire Company from the time of its organization in the early nineties, and finally become a member of the board of directors.

Q. Of that company?

A. Of that company, which position I occupied until 1898. I was general counsel of the Illinois Steel Company from about 1895 until the fall of 1898. I was a member of the board of directors of that company for a year or two years preceding the fall of 1898.

Q. That is, of the Illinois Steel?

A. Of the Illinois Steel.

Q. With regard to the Wire, did you say you were a director of the Consolidated Wire Company?

A. Yes, of the Consolidated Steel & Wire Company, until the formation of the American Steel & Wire Company of Illinois, in the early spring of 1898; I became general counsel of that company, and was a member of the board of directors until the fall of 1898.

Q. Later, that went into the American Steel & Wire Company of New Jersey?

A. It did.

Q. And did you follow it there?

A. I did not.

Q. Did you have any connection with the American Steel & Wire Company of New Jersey after its formation?

A. I did not.

Q. The Illinois Steel Company was taken into the Federal Steel Company on its formation, I believe?

A. It was.

Q. What had you to do with the formation of the Federal Steel Company?

A. I was actively connected with the organization of that company and did the most or nearly all of the legal work in the organization of the Federal Steel Company. I could be more specific if you would like to have me.

Q. Yes, I do, but I will ask you a question I have in mind first. What companies were taken into that organization?

A. The Minnesota Iron Company, which controlled the Duluth & Iron Range Railroad Company and the Minnesota Steamship Company; the Illinois Steel Company which controlled the Chicago, Lake Shore & Eastern Railroad; the Mount Pleasant Coal & Coke Company of Pennsylvania, if that is the technical name, the accurate name; and also controlled some iron mine companies; the Elgin, Joliet & Eastern Railroad Company, which was a belt line of railroad extending from the Lake about 25 miles east of Chicago, around Chicago by the way of Joliet, Illinois, with branches extending through Aurora and down into the coal fields, and following around about 25 miles distant from the city of Chicago, west and north and east to its terminus on the lake at Waukegan, about 38 miles north of Chicago. It was called the Outer Belt Line; and also the Lorain Steel Company. The Minnesota Iron Company had a large body of ore in the Lake

Superior District, and the other properties I have named; the Illinois Steel Company had a large manufacturing plant at South Chicago, and also a plant at Joliet, Illinois, also one on the west side of the City of Chicago, called the Union Plant, and also a small structural plant at what was called the North Works, on the north side of Chicago. The Lorain Steel Company had partly built and was finishing a steel plant at Lorain, Ohio, and also had a plant at Johnstown, Pennsylvania.

Q. Were any of these companies in competition with each other?

A. They were not, except the Lorain Steel Company had a mill for the manufacture of girder rails at Lorain, and it could manufacture, not economically, but it could manufacture standard rails and did to a very small extent manufacture standard rails, but not of sufficient quantity to be considered a competitor in standard rails with the Illinois Steel Company. Their locations were different and the conditions were different.

Q. Were any of the other companies manufacturing girder rails?

A. They were not.

Q. And was the Lorain plant constructed for the purpose of manufacturing standard rails as an important part of its business?

A. It was not.

Q. I think you stated you did the legal work of organizing the Federal Company, did you not?

A. I did.

Q. Did you do any more than that?

A. I did.

Q. Did you have a part in the negotiations which led to that organization?

A. I did; I did most of the business part of organizing that company.

Q. Will you tell us something more about that, and particularly as to the object in view in the formation of that company, and the basis of its capitalization? You can answer those separately.

A. I will answer the last part of your question first. There

was an authorized capital of $200,000,000. The amount of stock issued in preferred and common aggregated nearly $100,000,000. The book value of the companies acquired was about $56,000,000, including $10,000,000 of net cash assets, and to that was added about $31,000,000 as the estimated value of the actual value of the properties over and above the book value—the estimate being, I think, low—and about $14,000,000 new capital provided by a syndicate. The Illinois Steel Company had been struggling along for a good many years without making very much headway, because of lack of capital or manufacturing facilities, and imperfect organization, and lack of the elements or the features which go to make up a self-contained or rounded out or complete manufacturing company. It had some features that were valuable; it had a good many men that were good and competent; but, as I say, it had not been successful. I have an impression it had never paid any dividends on the stock; it certainly did not during the time that I was in any way connected with it. During a period preceding the summer of 1898, extending over a good many months, there was a good deal of discussion among the officers and directors of the Illinois Steel Company concerning the desirability of securing additional properties and means of successfully manufacturing steel, with the result that the officers of the Illinois Steel Company, or some of them at least, reached the conclusion that it was necessary to make substantial extensions and secure substantial additions if the company were to maintain a position in the trade. I remember talking over the subject with the different directors and officers of the Illinois Steel Company from time to time, and finally about the month of June, 1898, there was a proposition by some of the gentlemen interested in the Elgin, Joliet & Eastern Railroad, to which I have referred, to sell that railroad to the Illinois Steel Company. The Illinois Steel Company had its own railroad, as I have mentioned, which was a terminal railroad extending down into Indiana, connecting with some of the trunk lines, and also had trackage rights over the Chicago & Eastern Illinois Railroad into the coal fields; it also had trackage rights over the Elgin, Joliet & Eastern Railroad, which connected the Illinois Steel plants at South Chicago with the Joliet plant of the Illinois Steel Com-

pany, and it was urged that the Elgin, Joliet & Eastern Railroad Company could be utilized to good advantage by the Illinois Steel Company for the purpose of reaching, without any traffic rights, the Joliet plant from the Chicago plant, where the ore was delivered, from the north by way of lake to the Joliet plant, and also which would enable the Chicago & Eastern Illinois Railroad trains and equipment to reach its Waukegan plant by way of Joliet, and also give it a partial connection with another plant at Milwaukee, Wisconsin, which, in my previous statement, I think I neglected to refer to.

I should say that the most influential men connected with the Illinois Steel Company were Nathaniel Thayer, of Boston, and J. Forbes Leith, now Lord Leith, Mr. Thayer living in Boston, and Mr. Leith living in New York. Marshall Field was on the Board of Directors, and a very influential member of the board also, but did not take as much active interest. Messrs. Thayer and Leith were on the Executive Committee.

I received a letter from Mr. Thayer, of Boston, referring to the proposition to sell the Elgin, Joliet & Eastern Railroad to the Illinois Steel Company, and asking for an opinion in regard to it. I might say, perhaps, that my opinion was asked because, although I was not an officer, and only a general counsel and member of the Board of Directors, yet for the last year I had attended regularly the meetings of the Executive Committee in New York, and was becoming considerably familiar with the whole situation. I discussed the situation more or less with Mr. Foote, particularly, who was a very active and able officer of the Illinois Steel Company, being the first vice president, and perhaps with others, and then wrote Mr. Thayer to the effect that we thought in Chicago the purchase of the Elgin, Joliet & Eastern Railroad Company alone, without the purchase or acquisition of any other properties, would not be so valuable, and perhaps not desirable, unless it was taken in connection with other properties; that it seemed to us, in view of the fact that other manufacturing companies were tending toward securing for themselves rounded out propositions, that we thought it might be desirable to try and amalgamate the Minnesota Iron Company with the Lorain Steel Company, that having been offered for sale, and not being in a very flourishing condition financially,

and in that way we would secure a rounded out plant. That is, we would have the ore properties of the Minnesota Iron Company, in the Northwest, which were very important; we would have a railroad from those ore properties to Lake Superior; a steamboat line on the lakes, which would convey the ore from the docks at Two Harbors to the manufacturing plants located on the Lakes; we would have manufacturing plants; we would have steam coal and coking coal properties in Pennsylvania and elsewhere, and would have transportation companies which would furnish good facilities for the delivery of products between mills and for the delivery of finished products from the mills to the trunk lines, and other means of distribution.

Q. And that was your reply?

A. That was my reply.

Q. We will stop there. I think that is a convenient point to stop, and it is after four o'clock. That finishes what you were going to say about your reply, does it not?

A. Yes, that was the substance of the reply. I am very sorry to say that in moving, Mr. Thayer's letter was lost with a great many other letters, and I have been unable to get my reply or the copy book, but I know very well the substance of those letters, because I have referred to them before in my testimony in various investigations.

(Whereupon an adjournment was taken until to-morrow, Wednesday, May 28, 1913, at 10:30 o'clock a. m.).

SIXTY-FIFTH DAY.

EMPIRE BUILDING,
71 BROADWAY, New York City,

WEDNESDAY, May 28, 1913.

Before SPECIAL EXAMINER JOHN ARTHUR BROWN.

Present on behalf of the United States, MR. DICKINSON and MR. COLTON.

Present on behalf of the Defendants, MR. LINDABURY, MR. SEVERANCE and MR. BOLLING.

MR. LINDABURY: With the consent of counsel for the Government, I will withdraw the present witness and recall Mr. Joyce for a moment.

THOMAS W. JOYCE,

recalled as a witness on behalf of the Defendants, having been previously sworn, testified as follows:

RE-DIRECT EXAMINATION.

By MR. LINDABURY:

Q. Mr. Joyce, have you found the original pencil memorandum that you referred to yesterday, a copy of which was put in evidence?

A. I have.

Q. Will you produce it?

A. Here it is.

MR. LINDABURY: I offer that in evidence.

MR. DICKINSON: This is excepted to and also the memorandum marked Defendants' Exhibit (Joyce) No. 52 is excepted to on the ground that the witness has shown that he furnished Mr. Morgan with a memorandum that had some details not shown, or which do not appear upon these memoranda; and that that is the best evidence of the information

he gave Mr. Morgan. The paper was given to one of the defendants, it has not been produced, or its loss accounted for, and therefore these two exhibits and the testimony of Mr. Joyce given as to the figures appearing upon them, and also his testimony as to what he stated to Mr. Morgan, is objected to as incompetent, and the said exhibits are excepted to as secondary evidence.

(The paper produced by the witness was thereupon marked "Defendants' Exhibit (Joyce) No 53, May 28, 1913," and is as follows):

Pledged in Loans.

T.C.&I.		
71,700 at 105		$7,528,500
Require at 120	$8,605,000	
At 84		7,228,760
Loss about 400 Bonds, costing		$300,000

Exchange

20,000 stock for	$2,400,000	Bonds	
			Gain
Less amt. recd.	1,200,000		
			$1,200,000
15,000 stock	$1,800,000	Bonds	
due against same	1,000,000		
			800,000
15,000 stock	$1,800,000	Bonds	
due against same	1,000,000		
			800,000
36,000 shs free stock			4,320,000
			$7,120,000
less above			400,000
			$6,720,000

@ 84. = $5,644,800

157,700 shs

By Mr. Lindabury:

Q. Mr. Joyce, this paper is written in pencil?

A. Yes.

Q. In whose handwriting is it?

A. Mine.

Q. When did you write it?

A. On the day of November 3, 1907.

Q. Where?

A. At the office of Messrs. Moore & Schley.

Q. Was or was not the paper that you gave to Mr. Morgan a copy?

A. Substantially so, yes.

Q. Do you remember in what respect they differed?

A. I cannot.

Q. Was or was not all that is contained in this paper on the paper that you gave to Mr. Morgan?

A. Yes.

Q. Did or did not the paper you gave to Mr. Morgan show the totaling of 157,700 shares?

A. Yes.

Q. And did or did not that show the figure $5,644,800 near the bottom of this as the amount that Moore & Schley would have available after taking up their securities and making the exchange?

A. Yes.

Q. Do you remember my request to you some time ago to see if you could find among the papers of J. Pierpont Morgan & Company the paper that you actually left with Mr. Morgan?

A. Yes.

Q. Have you searched for it?

A. I have.

Q. Have you been able to find it?

A. I have not.

Q. Do you know of any other place where it might have been lodged that you did not look? In other words, did you search in all places where there would be any likelihood of your finding it?

A. I did.

Q. You called my attention, when you handed me this

paper this morning, Mr. Joyce, to an error in calculation which you had discovered over night. Perhaps you might as well point it out.

A. The little error is in the first item in the second calculation. 71,700 shares at 120 would equal $8,604,000 instead of $8,605,000. I made up the figures in a hurry and nobody discovered the error. In fact, I did not discover it until I looked over it last night. That difference of a thousand dollars, however, is more than offset by the fact that we provide for the loss of $300,000 against 400 bonds. 400 bonds at 84 would be $336,000. So you see the thousand dollars is more than offset by the $36,000 which we took into consideration later down on the statement. I just happened to notice that last night after I left here. I thought somebody might check my figures and want to know why I did not multiply better than that.

Q. Is the final result affected by these errors?

A. Not in the least, sir.

Q. Do you know what the habit of Mr. Morgan was as to the place of filing papers affecting the business of the firm, as to whether they were filed in the office or in some other place?

A. Usually papers of the firm are filed in the office.

Q. And papers affecting the business of the firm?

A. Yes.

Q. I mean whether they were the property of the firm or of someone else, if they related to the firm's business?

A. If they related to the firm's business they were filed in the office.

Q. And in a place where you searched?

A. Yes.

Q. Did or did not these 36,000 shares of free stock appear among the assets of Moore & Schley as stock subject to their disposition? Did it so appear in the books, or was it so represented to you by the gentlemen whom you met there?

A. My recollection is that it so appeared on the books and they so stated to me.

RECROSS EXAMINATION,

By Mr. Dickinson:

Q. Wasn't it shown upon the books of Moore & Schley that were shown to you that 10,000 shares of that stock were held merely for safe keeping, were absolutely owned by others, fully paid up, and not subject to use by Moore & Schley?

A. I do not recall any such fact.

Q. You say to the contrary of that?

A. I do not remember any such fact.

Q. Do you remember any fact to the contrary, or do you say that it did not show that?

A. I could not say. I do not recall whether there was any statement of that fact made or any evidence shown to me, or not.

Q. You spoke of the paper shown to Mr. Morgan. Did that paper show on its face affirmatively that the whole amount of bonds to be exchanged for all of the stock, 157,700 shares, would go to Moore & Schley, and that none of it would go to anybody else?

A. My statement did not show where the securities would go to. My statement showed if that 157,700 shares of stock was converted into bonds at 120 a specific amount of bonds would be received for it. Those bonds could be sold on the market at that time at 84, which would give a certain amount of money.

Q. To whoever was entitled to the stock?

A. I had no knowledge of who owned the stock, anybody outside of Moore & Schley.

Q. I understand. That amount of stock would have brought that amount of bonds?

A. The 71,700 shares converted at that 120 per cent would bring that number of bonds, in the first item. The 50,000 shares, and the 36,000 shares converted at the same basis would bring a certain other amount of bonds. If those bonds were sold in the market at 84, they would realize some five million dollars odd.

Q. And that is what your statement showed?

A. Yes.

Q. And it did not show where it would go?

A. I did not know anybody but Moore & Schley in the transaction.

Q. And if the books showed 10,000 shares of that 157,700 was owned by others, fully paid up, not subject to use by Moore & Schley, you do not recall it?

A. I do not.

Q. When did you make a search for this paper that you gave Mr. Morgan?

A. My first search I think was made four or five weeks ago, if I remember rightly; I do not know the date.

Q. What is your position with Morgan & Company?

A. My position is known as that of security clerk; in other words I do what everybody else don't want to do.

Q. Is this one of the things that nobody else wanted to do, look for these papers?

A. No, it is one of my duties that I am pleased to take upon myself, when things of that kind are wanted to be found.

Q. You were requested to do it?

A. Yes.

Q. What papers, by virtue of your office and employment there have you direct charge and control of?

A. I am custodian of all valuable papers, or any valuables, securities and stocks and contracts that belong to the firm.

Q. Securities and stocks?

A. And contracts, I said.

Q. Are you custodian of all the correspondence relating to them, letters and letter books?

A. No, that would be a physical impossibility. They are filed in our regular letter file.

Q. And you are not custodian of those?

A. No.

Q. Well, are you custodian of all papers in reference to transactions of that character that went into the possession of Mr. Morgan personally?

A. You mean with reference to this transaction?

Q. I am just asking you generally now.

A. Well, Mr. Morgan has a private secretary who handles

his own personal things. I am only representing J. P. Morgan & Company, the firm's interests.

Q. Where did you search? You say you searched three weeks ago. At that search where did you search?

A. Papers of this character would naturally come back to me to be filed with my records if they had been returned to the office. In this case the paper was not returned to me.

Q. The paper was not returned to you?

A. No; I remember the coincidence. I, however, looked through a package of papers that I had bearing upon these Tennessee Coal & Iron and Moore & Schley matters, and could not find it in the package.

Q. You had possession of the package?

A. Yes, it was in my possession.

Q. It was in your possession?

A. In the vaults.

Q. But this paper you say was not returned to you?

A. No.

Q. Did you remember the fact that it was not returned to you when you made the search?

A. Yes.

Q. And you looked into a package that was in your possession and control?

A. Thinking it might have been put in there while I was away or ill.

Q And you didn't find it there?

A. No; it was not there.

Q. Where else did you look?

A. That is the only place I could look.

By MR. LINDABURY:

Q. Was or not this memorandum that you have presented to us this morning made up on the theory that Moore & Schley had a right of disposition as to all of that 157,700 shares, and that the proceeds of such disposition would be available to them?

MR. DICKINSON: That is objected to inasmuch as it calls for a statement of the theory that was in his mind, and not for facts, and as incompetent and irrelevant.

MR. LINDABURY: It was intended to ask just that, and I will have the question read.

(The pending question was repeated by the stenographer.)

THE WITNESS: I think it was.

By MR. LINDABURY:

Q. Was it made up with the knowledge and cooperation of Mr. Schley's partners who were present?

A. My recollection is that they knew what I had prepared and what I was going to show Mr. Morgan, before I left their office.

Q. And as I understood you yesterday it was shown to Mr. Schley and affirmed by him as correct?

A Yes.

By MR. DICKINSON:

Q. You say this was made up on a theory?

A. On a theory? What do you mean?

Q. Well, I just mean what you meant. I am trying to find out what you meant when you answered that you made it up on a theory.

A. These figures were prepared subject to submission and correction if necessary. We adopted this basis of 129 and 84 just as a method to arrive at some result.

Q. Did you start out with the theory in making this up that all of this stock was of such a character that the entire proceeds of it would go to Moore & Schley?

A I knew nobody but Moore & Schley in the transaction.

Q. I am asking if you started out with that theory in making up the statement.

A. All I wanted to show was the fact that Moore & Schley at that time represented according to their books, 157,700 shares, and if that amount of stock was converted into bonds, those bonds would bring a certain amount of currency in the market.

Q. Regardless of who might ultimately be entitled to it?

A. I knew nobody but Moore & Schley in the transaction.

Q. Then you did not know one way or the other as to whether others were entitled to this free stock?

A. I did not know anybody but Moore & Schley.

Q. And did you make it up on your theory, regardless of what the books showed, that there were 36,000 shares of free stock?

A. I do not quite understand your question, Judge.

(The question was repeated by the stenographer.)

THE WITNESS: In compiling these figures we treated the free stock the same as the stock that was pledged.

By MR. DICKINSON:

Q. You treated it that way?

A. Yes, as far as the result was concerned.

Q. Do you mean to say that anybody at that time representing Moore & Schley told you that the proceeds of all this free stock would go to Moore & Schley and was theirs for their absolute disposition?

A. No, sir; they—

Q. You do not make any statement of that sort?

A. No, I do not.

Q. Was any statement made to you in regard to this free stock and where the bonds that would be given in exchange for it would go?

A. No.

MR. DICKINSON: That is all.

MR. LINDABURY: The witness just asked me about that original memorandum.

THE WITNESS: That is the only one I have.

MR. LINDABURY: I would like to have that itself put on the record in addition to the other.

MR. DICKINSON: You mean have it copied?

MR. LINDABURY: Copied on the record and then returned to the witness, with your consent.

MR. DICKINSON: Certainly

MR. LINDABURY: Then, Mr. Joyce, I will ask the stenographer to return it to me after it is copied, and if you will inquire about it, so I will not forget to send it to you, you shall have it.

Judge Gary, will you resume the stand?

(Witness excused.)

MR. DICKINSON: I renew my objection to the testimony of Mr. Joyce as secondary and incompetent.

ELBERT H. GARY

recalled as a witness on behalf of the Defendants, having been previously sworn, testified as follows:

DIRECT EXAMINATION (Continued)

By MR. LINDABURY:

Q. Judge Gary, at the adjournment last night you were testifying with regard to the putting together of the companies that afterward constituted the Federal Steel Company, and had just finished the statement contained in a letter written by you to Nathaniel Thayer. You may proceed from that point on with your answer, as I believe it was not completed.

A. I received a letter from Mr. Thayer stating in substance that at the next meeting of the board of directors and executive committee of the Illinois Steel Company, which would be held in New York in the near future, he would go over the matter further. I came down to New York soon after that to attend the meeting referred to, with Mr. John W. Gates, who was then president of the Illinois Steel Company, and Mr. W. L. Brown, who was and for some time had been acting as chairman of the executive committee of the Illinois Steel Company. And soon after my arrival in New York I had considerable conversation with Mr. Nathaniel Thayer, in which this whole subject was gone over again at length. On the trip to New York there was more or less discussion about the matter with Mr. Brown and Mr. Gates, as I now remember.

Soon after I had talked with Mr. Thayer about the matter he had an interview with Mr. H. H. Porter, who was the dominant factor in the Minnesota Iron Company, and who was in New York and whose company was to have a meeting about the same time, perhaps a little later. Mr. W. L. Brown also had an interview with Mr. Porter upon the subject; and after that I had considerable talk with Mr. Porter and I think

with Governor Flower, who was also interested in the Minnesota Iron Company and quite an influential factor. I remember also having some conversation with Mr. Robert Bacon, who was a member of the firm of J. P. Morgan & Company and was a member of the board of directors of the Illinois Steel Company.

As a result of these different conversations, in which the subject matter of an amalgamation particularly of the Minnesota Iron Company and the Illinois Steel Company, and the acquisition of the other companies, was discussed, it was finally arranged between Mr. Porter and our people of the Illinois Steel Company that it should be suggested to the members of the board of directors of the respective companies that a committee representing those several companies should be appointed to meet and confer upon the general question of amalgamating these interests.

As a result of that arrangement suggestions were made to the different boards, and a committee was appointed by the board of directors of the Illinois Steel Company as I now remember, composed of Mr. Thayer, Mr. Brown and Mr. Bacon and possibly others; and by the Minnesota Iron Company, consisting of Mr. Porter, Governor Flower, Mr. Seibert, and perhaps some others. Those committees agreed to meet at the Holland House to discuss the general subject. I was requested, with a good many others, or several others at least, to attend that meeting.

At the meeting at the Holland House Governor Flower was made Chairman of the meeting. There was some discussion of the subject matter and I remember making a statement of the situation as it seemed to me, in which I attempted to reflect the views of the Illinois Steel people.

Q. Was this a joint committee meeting?

A. This was a joint committee meeting. As I say, in my statement I attempted to reflect the views of the Illinois Steel Company, and in what I said I endeavored to show why amalgamation, which would result in what I have termed a rounded-out proposition, was desirable.

Mr. Porter and some others represented their company, the Minnesota Iron Company, discussed the same question, and rather urged the amalgamation, as I understood, if it could be made on a fair basis.

The subject matter was one which had been very thoroughly and carefully considered by all of the leading interests in the respective companies, and they had undoubtedly made up their minds what they would recommend, although I do not think that previous to the meeting I was, for one, familiar with the opinion of the Minnesota Iron Company generally.

Finally, sometime in the evening, perhaps late in the evening, the question of the values of the respective properties came up, in order to determine what the relative worth of the properties of the two companies was, and the accountants of the different companies had been requested to prepare and had prepared statements from the books of the different companies showing the book values of the properties. I think the accountants of each company had in the meantime, pending these discussions to which I have referred, examined the books of the other companies so as to be somewhat familiar with them.

Q. By that you mean that the accountants of one company had examined the books of the other company?

A. Yes.

Finally a motion was made and carried to the effect that there should be an amalgamation of the Minnesota Iron Company and the Illinois Steel Company, and further that the question of ascertaining the relative values of the properties of the different companies should be submitted to H. H. Rogers, who was present at the meeting, and who was previously interested in the Minnesota Iron Company to some extent, as I understood, although I am not certain of that. I rather think he had also a little interest in the Illinois Steel Company. Anyhow, he was suggested as a man competent to pass upon the question.

Mr. Rogers thereupon adjourned to another room, the accountants of the different companies appeared before him, and I think I was there, more or less, and others were there. Mr. Bacon, the President of the Minnesota Iron Company was present, I remember.

MR. DICKINSON: Will you please give the initials, Judge?

THE WITNESS: D. H. Bacon. I remember there were a good many people in the room during the evening, but I

am unable now to remember the names, or to place these people except as to those I considered to be leaders.

By Mr. Lindabury:

Q. You mean, people connected with the transaction?

A. Yes.

Q. Not strangers?

A. Some stockholders, and some directors; the directors of all these companies, I presume, were there; that is, all who were present in New York and I think perhaps some stockholders.

Mr. Rogers, at some time in the evening, late in the evening perhaps, made his report to the meeting, in which he found that the relative values of the properties were of certain amounts, being the amounts which were afterwards fixed and adopted or accepted.

Q. Unless it would interrupt you I would like to ask a question here.

Judge, you stated yesterday what the amounts were, or how the capitalization was made up, and stated that the book values of the properties were taken and to them were added certain values on account of certain properties that they had; and I wish to ask you about these later items. I wish you would give, in a little detail, those items, what the properties were, and how their values were arrived at.

A. The properties to which I refer were made up of a good many different things, some of which I can remember and some of which, quite likely, I can not now remember; but particularly the ore properties of the Minnesota Iron Company were referred to. It was conceded by every one that the actual values at that time of the ore properties were very much in excess of the book values or the original cost of the property.

Q. The latter being the book value, the original cost being what you call book value? That is, they were carried on the books at cost?

A. That is my understanding. I think also it was conceded that there was a substantial increase in the value of the Duluth & Iron Range Railroad property. Then, with reference to the Illinois Steel Company, it was conceded that the

coal properties in Pennsylvania were very much more valuable than the original cost, or book value.

Q. I think you have not stated much about those. Perhaps you had better allude a little more fully to those. Was it coking coal?

A. Yes.

Q. Owned by which company?

A. The Mount Pleasant Coal & Coke Company. That may not be exactly the name. If you will suggest the name—although that seems to me to be right.

Q. Mr. Bolling suggests the Southwest Connellsville Coke & Coal Company as the full name.

A. That may be it, but it was at Mount Pleasant. They had quite a large quantity of coking coal in the Connellsville district, which was the very best district, and which had become even at that date very valuable. The Illinois Steel Company also owned a good deal of real estate around its plants, including, for instance, several hundred acres of land at South Chicago. I do not remember now the acreage, but I do remember that it was conceded that that real estate was worth a good many million dollars more than it originally cost, or at which it was carried on the books of the company. By the real estate at Chicago I mean the property on which the South Works of the Illinois Steel Company were located.

Q. What circumstance, or chain of circumstances, had given increased value to that?

A. The great growth of the city of Chicago and of South Chicago; the market value was and had been increasing rapidly. What I have stated with reference to that real estate applied also to the real estate at the other plants. For instance, the Union Works on the west side of Chicago, on the river, and the North Works on the north side of Chicago, on the river, and also the Milwaukee Works at Milwaukee, and the Joliet Works.

Then there had been expended at all of these plants a good deal of money which had been charged to cost of operations or expense account, whatever term may have been used, which had not been charged to capital account, and yet increased the actual values of the property over and above the book values. I can not give those figures or any other

figures at the present time, because I do not remember, but I remember that those matters were gone over very carefully, and it was attempted to ascertain the actual values of the properties, and that it was agreed upon as to what the actual values of the properties were at that particular time.

Q. Were the matters gone over by or with those who knew the values at that time?

A. Yes, they were gone over with those who knew. For instance, Mr. Don Bacon, the President of the Minnesota Iron Company, was very familiar with all of their properties, and Mr. Gates and Mr. Foote, the Vice President, were very familiar with the Illinois Steel Company's properties, and the accountants of each company were very familiar with the properties and the values of the properties.

Q. I suppose you knew something about the values of the Chicago property?

A. At that time I was quite familiar with the values of the Chicago property, and in fact knew something about the values of the Minnesota property.

Q. You had had your attention, I suppose, directed to the ore values before that time?

A. I had. This subject matter of consolidating these interests for the reasons I have named was not a new question; it was very carefully considered and discussed frequently, and we were all pretty familiar with it. Mr. Rogers made his report.

Q. I do not want you to go on from there until we finish that question.

A. No. Mr. Rogers made his report to the meeting, and if I am not mistaken the committees who had been appointed with full power in the premises adopted the report of Mr. Rogers that evening. Of course I might be mistaken about that; it may have been later that that report was adopted. At that meeting, made up as I have stated, of a good many of the boards of directors of their respective companies, and a good many other interested people, after the report of Mr. Rogers had been adopted, they voted to appoint a committee consisting of Governor Flower, Senator Spooner, Robert Bacon and myself, with full power to put these companies together and purchase other companies if in their judgment it

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was deemed advisable, there having been a discussion about the Elgin, Joliet & Eastern Railroad Company, and also the Lorain Steel Company; and in fact giving them full power in the premises.

If you will allow me to just finish what followed there, in its natural sequence, I will say that if the joint committee adopted the report of Mr. Rogers that evening, then this committee of four which I have mentioned I think was appointed that evening; if that committee adopted its report later, then the committee of four was appointed later.

Q. At any rate, it was after Mr. Rogers' report was accepted?

A. After Mr. Rogers' report was adopted. Senator Spooner was away at the seashore on a vacation, as I remember, and never appeared and acted on the committee at all. Governor Flower was present at one meeting, at which nothing was done, and he never acted again on the committee, or any further on the committee. That left the work to be done by Mr. Bacon and myself.

Q. That is Mr. Robert Bacon?

A. Mr. Robert Bacon.

Q. To go back and ask the question I was going to a minute ago, just to finish up the subject, you did not state, although you perhaps implied, the relation that this increased value of the Illinois Steel Company's properties bore to the book value; that is, did that increased value appear as part of the book value?

A. It did not.

Q. Consequently you added it?

A. Yes.

Q. You had made that statement with regard to the Minnesota Company.

A. Yes.

Q. Now, one question about that—

A. And I am not entirely certain that the value of the property outside of the book value was absolutely determined that evening; it is possible and perhaps probable that the committee determined those values later, after further investigation; I am not certain about that.

Q. But you know they were considered and ultimately

formed a distinct item in the capitalization?

A. Yes, sir; I remember that distinctly.

Q. I think you gave that yesterday.

A. Yes.

Q. Now, about the Minnesota Iron Company, do you remember who was the first purchaser of ore up in the region where the Minnesota Company's ore properties were?

A. You mean who first purchased ore, or who first purchased ore property?

Q. Ore properties, I meant. I will withdraw that question. I want to know how early the Minnesota Company was in the field in purchasing these properties which were carried on the books, you say at this capitalization.

A. I would say the Minnesota Iron Company was the pioneer, certainly with reference to the Mesabi Range, which was the very largest tract of ore.

Q. You mean the Vermillion, do you not? You said the Mesabi.

A. No, I mean the Mesabi.

Q. Do you?

A. Yes. I did not mean to say that the Minnesota Iron Company purchased on the Mesabi Range before it purchased on the Vermillion. The Vermillion Range was discovered first. But I mean after the Mesabi Range was discovered, I think the Minnesota Iron Company was the first to buy any considerable quantity of ore property on the Mesabi Range.

Q. Do you know whether or not those purchases were made at low prices?

A. They were.

Q. And those were the prices you alluded to which constituted the book value of the Minnesota Company's ore properties?

A. They were.

Q. That clears up what I wanted to ask about that, and unless you have finished your answer, you may proceed, or I will ask a new question.

A. I think your question included the organization of the Federal Steel Company. I had reached the point where the whole subject matter was really in the hands of Mr. Robert Bacon and myself. I do not know whether you care to have that.

Q. I suppose the mere formal organization is not of account, but I would like you to tell how the Elgin, Joliet & Eastern came to be taken in and the Lorain Steel Company. You have simply mentioned now that they were considered. I think when that is completed you have quite fully answered the question.

A. The owners of the Lorain Steel Company, which had a plant at Lorain, Ohio, on the Lake, or on a river which connected with the Lake, near Cleveland, and a plant at Johnstown, Pennsylvania, were desirous of selling this property. They had offered those properties for sale several times, to my personal knowledge, to other people. And the question of purchasing those properties for the purpose of securing a plant at Lorain which might be extended, and which was nearer the seaboard, was under consideration during the discussion to which I have already referred, relating to the amalgamation of the Minnesota Iron Company and the Illinois Steel Company. Mr. Johnson, Tom Johnson, so-called, afterwards Governor Johnson, was one of the owners. He approached the committee I have mentioned, and Mr. Moxham was another; and after considerable negotiations, extending over a period of time, we decided to purchase their properties on the basis agreed upon.

Q. How much did the location of that company's works have to do with your determination?

A. It had a good deal to do with the determination. It was a first class location for manufacturing; that is, for the assembly of raw materials and for the distribution of products after they were converted; and it was also a good location for export business, we decided.

Q. Had you at that time in mind the development of an export trade?

A. We had.

Q. And why was this location thought to be available for that, rather, I mean than the other.

A. I think the freight rates at that time were about the same; in fact, my recollection is that they were exactly the same, from Lorain to New York, that they were from Pittsburgh to New York. Moreover, there was a good deal of discussion in those times about the enlargement of the Erie

Canal, and so forth, which might indirectly affect it; and there was the expectation, at least at that time, that the Welland Canal would be enlarged, thereby enabling water transportation from Lorain direct to the ocean.

Q. How far is Lorain east from Chicago, approximately?

A. I will say 450 miles, in round numbers. I do not profess to carry the exact figures in my mind.

MR. SEVERANCE: It is about 300 miles to Cleveland, and Lorain is west of Cleveland.

THE WITNESS: It is a little less than 300 miles from Chicago to Lorain, then. I am willing to admit that you are right, although I do not know you are right.

By MR. LINDABURY:

Q. As to the Elgin, Joliet & Eastern, I think you have already given some of the reasons why the acquisition of that would be valuable, and you need not, of course, repeat that.

A. We were all very familiar with that property. As I have previously stated, the Illinois Steel Company had a traffic arrangement with them, and ran its engines and trains over the tracks of the Elgin, Joliet & Eastern as far as Joliet at least, from South Chicago. We had all examined the properties, had been over the road, knew what it was doing and what its prospects were, how it could be utilized in connection with the business of the Illinois Steel Company, and the different properties and different locations. We decided to buy that on the basis agreed upon. After considerable negotiations about it, we decided to purchase it.

Q. For all of those properties, plus $14,000,000 in cash, the company when formed issued a little under one hundred millions of stock, I believe. Was the amount of stock so issued, in your judgment, based upon what you knew then and what you have learned since, in excess of the value to the corporation of the properties acquired?

MR. DICKINSON: I object to that as calling for an opinion.

THE WITNESS: I will say no; quite the contrary. The properties were actually worth then more than the amount of stock issued.

By Mr. Lindabury:

Q. Who financed, in the sense of bankers, the organization?

A. J. P. Morgan & Company formed a syndicate, or managed a syndicate, which provided $14,000,000 or a little more.

Q. Did they act in the formation of the Federal Steel Company otherwise than in the capacity of financiers?

A. They did not.

Q. When did the Federal Steel Company commence operations?

A. The 1st of November, 1898.

Q. It continued those operations until it was taken over by the United States Steel Corporation, I suppose?

A. I do not want to be technically wrong. The Federal Steel Company was not an operating company.

Q. It was a holding company?

A. Yes. It was the owner of the stocks of these other companies, which were operating companies.

Q. Did it direct and control, in a general way, the operations of the subsidiaries thereafter?

A. It did.

Q. It had a board of directors, of course; and did they or not control the policies of the subsidiary companies after the formation?

A. Yes.

Q. And by subsidiaries I mean the railroads and the ore companies and the Illinois Steel and the Lorain Companies.

A. Yes.

Q. The policies of all of them were directed by the Federal Steel Company, as I understand you?

A. That is true.

Q. I think you have already stated that you were president of the Federal Steel Company?

A. I was, much to my surprise.

Q. You mean you were chosen, much to your surprise?

A. That is what I mean.

Q. And at the beginning?

A. Yes.

Q. And you served as such at least until the United States Steel Corporation was formed?

A. I did.

Q. I do not know whether you served after or not. I believe you did not.

A. Yes.

Q. As president?

A. Yes. It was nominal, of course.

Q. I will ask you whether or not the Federal Steel Company was formed with any purpose to create a monopoly or restrain trade in any steel product or in any element that enters into the production of steel.

MR. DICKINSON: This is excepted to as incompetent and irrelevant, calling for an opinion, merely, of the witness.

MR. LINDABURY: No, it calls for a state of mind.

MR. DICKINSON: Yes, for a state of mind of other people, and not for facts.

By MR. LINDABURY:

Q. In view of the objection, I will amend the question by adding "so far as you personally were concerned, or so far as you knew then or know now."

A. Certainly not.

Q. Was it formed with any other object or purpose than the development of the business of manufacturing steel along the lines that you mentioned yesterday?

A. It certainly was not.

MR. DICKINSON: I except to so much of that, except what indicates the intention and purpose of the witness, and I except to that as immaterial.

By MR. LINDABURY:

Q. The Government charges in its petition that not only was it the purpose of those who organized the Federal to acquire a monopoly and restrain trade, but that such was the effect of the organization. I will ask you as to the latter, whether or not as a matter of fact that was the effect of the organization of the Federal?

MR. DICKINSON: That is excepted to as being a mere expression of opinion and not a statement of fact, as a conclusion and as involving a mixed question of law and fact.

A. It was not; it was a strictly business proposition.

By Mr. Lindabury:

Q. Was the matter of acquiring a monopoly, suppressing competition and restraining trade discussed, alluded to or considered in any of the meetings that you have alluded to when the question of amalgamation was under discussion or consideration?

Mr. Dickinson: Objected to as irrelevant and incompetent.

The Witness: No sir. I should like to add here, if you will permit me, that the principal object of the Minnesota Iron Company was to dispose of its ore, and of course to transport it. The Illinois Steel Company and the Lorain Steel Company were necessarily purchasers of ore, and both of them became permanently fixed with respect to their necessities, so that that was perhaps one of the original motives in the minds of the directors of the respective companies; but so far as the leading interests are concerned, which included the gentlemen I have mentioned, and came to include myself as I got into this and took up the different negotiations and became really to a large extent at least the business manager of this organization, as well as the one who did the legal work in organizing the company, I know that the objects and intentions were as I have stated, to form a rounded out and practical organization which it was believed at that time would produce and distribute to the best advantage and at the least cost, and increase the business at home and abroad.

Mr. Dickinson: So much of the answer as relates to the intention and purpose is excepted to as irrelevant and incompetent.

By Mr. Lindabury:

Q. Did you in practice, after beginning business, in the leadership of the Federal, discover any deficiencies in its organization or meet with any difficulties in attaining the objects which you have just alluded to?

A. Yes; we did.

Q. What were they as they developed in your business operations?

A. The plan and organization were good so far as they

went, but the organization was too small; the capital employed was too small; the facilities for finishing steel were not sufficiently diversified. We lacked finishing mills and our locations were not the best or good enough to extend foreign trade as we had hoped. In fact, the Federal Steel was only the beginning of a plan or organization to carry into practical and successful effect what we had in mind and what we were endeavoring to accomplish.

Q. And what you thought you could accomplish?

A. Yes.

Q. What you thought you could accomplish when you organized?

A. Yes:

Q. In other words you were somewhat disappointed in finding that your scheme could not be fully realized with the organization you then had?

A. That is true.

Q. And had you found that your expectations or ambitions with regard to developing foreign trade were hampered?

A. They were, very much.

Q. What if anything did you do or arrange to do, to overcome, so far as you might, those difficulties?

A. Well, the first thing we attempted was to secure additional capital for the purpose of building and completing finishing plants. We got up a plan for raising money by voluntary subscription of those interested in the Federal Steel, a large sum of money in order to build finishing mills. We did not succeed very well. In the first place we could not get enough money subscribed. We started a subscription, or endeavored to form a syndicate to raise money, and a few of us placed our names on paper for that purpose, but although I had several conversations with Mr. Morgan on the subject he did not seem to be willing, or at least did not take up the matter himself; and, besides, the more we looked into it the more we found that a great deal more money than we could hope to raise at that time would be necessary in order to complete an organization that would be practical and would be sufficient to do what we had originally had in mind to do and desired to do.

Q. Did you have a good board of directors?

A. We had a very good board of directors.

Q. Who were they, some of them?

A. Well, if I can remember the names—Governor Flower, H. H. Porter, Mr. Seibert, Marshall Field, Norman B. Ream, Samuel Mather, C. C. Cuyler, Robert Bacon, D. O. Mills, and I think Mr. J. P. Morgan.

Q. I think you did not mention Nathaniel Thayer.

A. Nathaniel Thayer.

MR. COLTON: Did he mention H. H. Rogers?

THE WITNESS: H. H. Rogers, Samuel Spencer, sooner or later, and myself. We had an executive committee made up.

By MR. LINDABURY:

Q. Do you remember who they were?

A. Mr. Porter, H. H. Rogers, Nathaniel Thayer and myself, and later Samuel Spencer.

Q. Now was it among this group that you passed around the subscription?

A. It was. H. H. Porter subscribed or agreed to subscribe, as he always did. He was a very liberal man and very energetic and very much interested in the company and in its success, and was around every day and doing everything he possibly could. He was nominally chairman of the board of directors; he was not an official, in the sense of being an executive officer, but very active, and he subscribed, and Mr. Field agreed to subscribe.

MR. DICKINSON: Who was the other man you talked about?

THE WITNESS: H. H. Porter. He was very active.

MR. LINDABURY: The Minnesota ore man?

THE WITNESS: The Minnesota Ore man.

MR. DICKINSON: I know who he was, but I did not catch the name.

THE WITNESS: D. O. Mills I remember did not subscribe. We expected him to subscribe, but we were getting a few millions.

By MR. LINDABURY:

Q. How did you propose to secure the gentlemen who put up the money; did you have any scheme of issuing stock or bonds, or anything of a definite shape?

A. Yes; it was proposed to issue bonds on all the property, making it large enough to cover a considerable sum, and issuing under that as the money might be required from time to time.

Q. Did you have the mortgage drawn, do you remember?

A. The mortgage was drawn; so far as the form of it was concerned at least, the form was agreed upon.

Q. Do you remember how much?

A. We had not definitely and finally fixed the amount as I remember, although we did in the form state a sum; it seems to me it was $40,000,000.

Q. $45,000,000.

A. $45,000,000, but I am sure—

MR. COLTON: You gave that $45,000,000 from the form, Mr. Lindabury?

MR. LINDABURY: Yes.

MR. COLTON: Have you the date of that form there, too?

MR. LINDABURY: It is undated.

THE WITNESS: It was never executed.

MR. DICKINSON: Suppose you put the period in there while you are at it, Mr. Lindabury. Would you mind giving about the time?

MR. LINDABURY: It seems it never was executed. It was the latter part of 1900.

THE WITNESS: I can tell you, Judge. This was pending at the time the U. S. Steel Corporation was formed. It had been pending, I should think, for many months at least. I should think a year; that would be my recollection.

By MR. LINDABURY:

Q. The draft I have begins "Made this blank day of December."

A. Well, we had not finally agreed upon the date it should be executed or the amount.

Q. Some time in December, 1900, the meeting was held that authorized this?

A. I was pushing it as hard as I could.

Q. But it was never in fact executed?

A. It never was.

Q. And no bonds were issued?

A. No.

Q. What interrupted it?

A. The opportunity to buy other property owned by other companies which would avoid the necessity of raising so much money and which would give us completed organizations and completed properties and afford a great diversity of business and enable us to do what we had been so desirous of doing but had failed to accomplish.

Q. When did you first consider among yourselves, without reaching any conclusion, if you choose, the feasibility of acquiring existing property?

A. That question came up practically first, as I remember, by the suggestion of Mr. Frick, who came to my office—

Q. What Mr. Frick is that?

A. Mr. Henry C. Frick, who came to my office I think in 1899. Of course it is difficult to fix exact dates. I remember attempting to give that date once before and I made up my mind afterwards that I was probably in error as to the date; I did not attempt to fix it definitely and said I was not sure of that from recollection, but I think it was early in 1899. Mr. Frick came to my office and suggested that it would be a good thing for the Federal Steel interests to purchase the Carnegie properties and perhaps with them some other properties which included finishing mills of various kinds, suggesting companies, the Wire Company and the Tin Plate Company and some other companies.

We went so far as to make some figures at the time, although I cannot give the figures because I do not remember them, but Mr. Frick and I spent considerable time going over the subject matter, and I am very sure that he gave me an estimate at that time as to what the Carnegie properties could be bought for; and he and I together made some estimate as to what we considered the other properties worth. Of course this was not very definite, not very specific, but still it was actively considered, earnestly considered. I was very much impressed by what Mr. Frick said, and told him I would take it up with our people, as I did. I talked with Mr. Porter about it and with Mr. H. H. Rogers about it, and it was finally decided that we would see Mr. Frick, or some of us would see Mr. Frick with reference to the matter. He came to the of-

fice again. Most of the conversation I think was between H. H. Rogers and Mr. Frick; that is my recollection, although I was there.

Q. It was in your presence?

A. Partly in my presence, and partly not in my presence, as I remember. I do not believe Mr. Porter, who as I say was very actively interested in our company, was present; but he had been in the office the same day and was in afterwards and I think immediately after the interview. But we ascertained that Mr. Frick was not willing to agree that the whole Carnegie organization, including himself, would remain in the company and assist in carrying on the business, and for that reason we dropped the negotiation and told him so, that we did not consider the Carnegie properties—

MR. DICKINSON: I object to what you said about the property.

THE WITNESS: I am stating what we said.

MR. DICKINSON: Yes. I object to that.

THE WITNESS: You understood that?

MR. DICKINSON: You started to say what you considered about the Carnegie property.

THE WITNESS: We told—suppose we start where we left off. I do not want to volunteer any statement Judge Dickinson will object to.

By MR. LINDABURY:

Q. If I think the objection is well taken I will ask you not to proceed. I do not regard the objection as a good one.

A. All right. I started to say that we told Mr. Frick that we did not consider the Carnegie properties anything like as valuable without the organization as they would be with the organization, and it was for that reason we dropped the negotiation at that time.

Q. When did the matter come up again, Judge?

A. The next thing I heard about the Carnegie properties, which were more or less connected with this idea, was the option given by Mr. Carnegie on his interest, as I understood, in the Carnegie properties, that was given to the Moore brothers.

Q. And is that what is familiarly known as the Moore option?

A. Yes.

Q. Which has been spoken of here?

A. Yes. I knew about that and knew something about what was done in regard to it, about the Moores seeing the First National Bank and seeing in turn Morgan & Co. Mr. Coster, who was then the rating partner, I think of J. P. Morgan & Co., actively engaged in their business, came to see me about this option. That as you know was dropped, and was not exercised, and the properties were not taken.

The next thing I personally knew about it, Mr. Schwab approached me one day, I should think early in 1900, with a statement that we ought to take over the Carnegie properties; that we ought to buy them. He said they could be bought. I asked him if he was sure of that, and he said they could, and I think he gave me some reasons why he thought they could be sold. Anyhow, he had a good deal to say about those properties. I told him that the purchase of the properties would require a good deal of financing, and I would approach Mr. Morgan and see what if anything he would do in the direction of financing such a purchase. I did immediately see Mr. Morgan in regard to it, although I never reported to Mr. Schwab that I did see Mr. Morgan. I did see Mr. Morgan, and went over this matter quite carefully, and urged upon him the benefit I thought the acquisition of that property and other properties would be to the Federal Steel interests, the Federal Steel property, the Federal Steel Company. Mr. Morgan was interested in the Federal Steel, although he had never had anything to do with regard to its management, and I think never attended a meeting of the board of directors, although I may be mistaken about that; I have no recollection of his ever attending any meeting, and I may be mistaken as to his being on the board, but that is my recollection. Anyhow, I considered him interested in the Federal Steel and its success, and urged that upon him and gave him some reasons.

Q. Did you also discuss it with Robert Bacon, his partner, who was a director?

A. I am not sure I did at that time, although it is quite probable he was present, because he usually was, on such occasions, and I am quite sure he was a member of the board of directors, and had been actively engaged at the time of the

formation of the Federal Steel with me, and was usually present, if not always present, whenever I consulted Mr. Morgan about anything connected with the Federal Steel. I do not remember of consulting him very much, but I do remember one time of going there to see if we could not borrow some money, and I remember Mr. Morgan inquiring why it was we did not have money; he thought if we had about $15,000,000 cash and $10,000,000 net cash assets over and above that, we ought to have plenty of money, and he would like to know why we had not got it; which was a very pertinent question to ask one who was desirous of borrowing money, of course. And I remember having two or three interviews about that, and I finally satisfied him of what money we had to have and use.

MR. DICKINSON: I object to that as irrelevant and incompetent.

THE WITNESS: I only mentioned it for the purpose of saying in connection with it that I remember Mr. Bacon being present at those interviews, and he was always present.

By MR. LINDABURY:

Q. What became of the matter?

A. The interview with reference to the suggestion to buy the Carnegie properties?

Q. Yes. You have stated what you presented to him.

A. Well, Mr. Morgan did not say very much, but seemed disinclined to take it up; in fact, I am very sure he said that he did not care to take it up just then, or that it was not a good time, or it was too big a proposition, or something of that sort.

MR. DICKINSON: Have you fixed that time?

THE WITNESS: At that time, yes.

MR. DICKINSON: Have you given the date of that?

THE WITNESS: I think that was early in 1900; I am very sure it was early in 1900. I am very sure it was at as early a period as the early part of 1900. The purchase of that property, you see, would involve the raising of a great deal of cash, and Mr. Morgan was disinclined to go on or take it up.

Some time after that, certainly within a couple of months, Mr. Schwab again approached me and repeated his suggestion that we purchase the Carnegie properties, and I told him that

it was a matter that we had not been able to decide, or something of that kind. I remember those interviews very distinctly. I know the substance of what took place, and am as certain of them as possible, and I know the result.

By Mr. Lindabury:

Q. When next was the matter stirred within your board?

A. I should say in connection with Mr. Schwab's interviews that I also reported those interviews to Mr. Porter, and went over the subject with him very carefully, frequently.

Q. Did you mention it to others of your directors, do you recall?

A. Well, I think I did. I think I mentioned it at a meeting of our executive committee; I am quite certain I did. I kept my executive committee, whose names I have mentioned, very fully advised from time to time of what was going on, and they knew and were as much interested as I in this question of trying to improve our condition and enlarge our plant.

Q. This matter ran along parallel with the projects or attempts to better finance your company, I take it?

A. It did. The next thing I heard was the dinner which Mr. Simmons and I think Mr. Charles Emory Smith gave to Mr. Schwab.

Mr. Colton: Objected to as hearsay.

By Mr. Lindabury:

Q. Which Smith was it, do you know?

A. I would identify him as the Smith I had met at Mr. Carnegie's house. I think he was a very intimate friend of Mr. Carnegie.

Q. Charles Sprague Smith?

A. Charles Sprague Smith; that is the one.

Q. A prominent man in New York, wasn't he?

A. Yes, I think he was.

Q. A great friend of Mr. Carnegie?

A. A great friend of Mr. Carnegie. They played golf together—at least, whether he played golf I do not remember—I do not play golf myself—but I remember going out to the grounds and seeing them.

Q. They called it that?

A. Yes. I met him at Mr. Carnegie's house. I was not present at the dinner.

Q. Did you have anything to do with arranging that dinner?

A. I did not.

Q. Well, it came off; you were not present, were you?

A. I was not present. I only know what took place from what I heard Mr. Morgan say about it afterwards, not very much, and what Mr. Schwab has said about it.

Q. How soon after that did you hear again with regard to this scheme of purchasing the Carnegie property?

A. The next thing I remember is when Mr. Robert Bacon came to my apartment on Sunday morning.

Q. About how soon was that after the Schwab dinner?

A. I should think it was pretty soon after that; it seems to me so. I might be mistaken, but it seems to me it was very soon after.

Q. What does that mean? Can you be a little more definite?

A. I believe from recollection that the Schwab dinner was some time in the winter of 1900-1901; it seems to me about the first of January or a little before.

Q. The 12th of December was the Schwab dinner. That is fixed. I mean about how soon after that was it?

A. The time Mr. Bacon came to see me I should think was January, 1901.

Q. Now, tell us what took place.

Mr. Dickinson: I object to what passed between Judge Gary and Mr. Bacon as incompetent and irrelevant.

The Witness: Mr. Bacon said to me that Mr. Carnegie had offered to sell the Carnegie properties and take his pay in bonds. I will give my best recollection of what took place, the substance of what was said.

I understood Mr. Bacon to say that Mr. Schwab had come to Mr. Morgan's house and had made the statement that Mr. Carnegie would sell the Carnegie properties and would take his pay in bonds, and Mr. Morgan had asked Mr. Schwab if Mr. Carnegie would put that in writing, and Mr. Schwab had said yes, and had left the house and returned and brought a

little memorandum in the handwriting of Mr. Carnegie and signed by Mr. Carnegie, I think; and Mr. Bacon showed me that paper either that day or soon after at the bank of J. P. Morgan & Company's house.

MR. DICKINSON: I object further to what passed between Judge Gary and Mr. Bacon as hearsay, what Mr. Bacon told him.

MR. LINDABURY: It is part of the res gestae, Judge.

MR. DICKINSON: Also as to the contents of the paper, the paper not being produced, as secondary.

By MR. LINDABURY:

Q. Proceed as to your conversation with Mr. Bacon.

A. Mr. Bacon said that Mr. Morgan was desirous of having my opinion in regard to the purchase of this property, and also anxious to know what it was as a business proposition; that Mr. Morgan had been very much impressed by a speech which Mr. Schwab had made at the dinner, to which I have already alluded, in which it was urged that there could be a steel proposition, so to speak, which would be very successful. I do not remember the details of that, but I remember just one item particularly, and that was the quantity of steel which Mr. Schwab had said in that speech was used per annum at that date in the manufacture of steel cars, which surprised Mr. Morgan very much; he had not supposed any such quantity was used in steel cars, and I do remember distinctly that Mr. Morgan was impressed with what Mr. Schwab stated in regard to the possibilities of the steel industry.

Q. That is, that Mr. Bacon claimed that?

A. That is what Mr. Bacon said to me.

MR. DICKINSON: You understand that this objection is continuing?

MR. LINDABURY: Yes, to all his conversation with Mr. Bacon alone. There will be other conversations between him and others, and you will renew your objection, if you still have it, but all this is confined to the conversation between the witness and Mr. Bacon.

MR. DICKINSON: Yes.

MR. LINDABURY: I wanted to call your attention to the fact that a different situation will arise later, and you can renew your objection if you still hold it.

THE WITNESS: The purpose of Mr. Bacon, as I have explained, was to ascertain for himself and Mr. Morgan what I thought of the proposition of buying the Carnegie properties, and Mr. Bacon was there, as I remember, until lunch time, and said he had an engagement for luncheon, and went away and returned after luncheon, and as I remember, stayed and was engaged in conversation with me until late that evening.

Q. I will not ask you to give that conversation in detail, because we will have enough of it later in another connection, but I will only ask if you spent that time in considering the question.

A. We did.

Q. And from what point of view?

A. From the viewpoint of securing and completing for the Federal Steel a rounded up iron and steel business which should measure up to the original plan.

Q. And complete the embryonic scheme?

A. Yes.

Q. Yas any arrangement made that day for calling in your associates on the Federal board?

A. No, not at that time; it was agreed between Mr. Bacon and me that we should meet Mr. Morgan at the bank at eleven o'clock the following day, which was Monday, and go over the subject matter with him to some extent.

Q. That finishes, does it, what you had to say about this interview?

A. Yes; we went over this whole subject matter in great detail, of course.

Q. You understand that I am not asking you to give that, because we will go over that a little later, and perhaps somewhat the same.

A. Very well.

(Whereupon a recess was taken until two o'clock p. m.)

AFTER RECESS.

ELBERT H. GARY,

the witness under examination at the taking of recess resumed the stand for further examination.

DIRECT EXAMINATION (Continued):

By Mr. Lindabury:

Q. Judge, at the noon recess you had finished your statement of your interview with Mr. Bacon on the Sunday, being the day following Mr. Schwab's visit to Mr. Morgan. When next did you see him or anybody else connected with the matter?

A. I saw Mr. Morgan the next day at his bank about 11 o'clock.

Q. Did you see him alone?

A. I think Mr. Bacon was there. I saw Mr. Morgan more or less alone.

Q. I only meant for you to give whoever was present at the interview you had and to now give the interview.

A. Mr. Morgan brought up the subject by saying that this proposition had been offered by the Carnegie people and that it was a very important matter, and that, in the first place, he would like to know what the opinion of the Federal Steel Company people was about the purchase; and for that reason had requested Mr. Bacon to see me; that he had had some conversation with Mr. Bacon in regard to his interview with me; that if it was considered a good business proposition he would consider the advisability of trying to form a syndicate to finance it; but that before considering the question of forming a syndicate he would like to go over more or less with me, and would like to hear my suggestions, if I had any in regard to what should be done. Then, at some length, I went over the general proposition with him, not as fully and carefully as I had with Mr. Bacon, but still sufficiently to let him see that I thought it would be a good business proposition provided we could, at the same time, secure other properties

that were finishing steel; and also that it might be a good purchase anyhow.

Q. What reason if any did he give for his disposition then to entertain the proposition?

MR. DICKINSON: I object to that as irrelevant and incompetent.

MR. LINDABURY: On what ground, Judge?

MR. DICKINSON: Well, I do not think the reasons he gave would have any relevancy.

THE WITNESS: He referred very briefly to the condition of the Federal Steel Company as I had expressed it before to him, and said he had been very much impressed by the remarks of Mr. Schwab, who was recognized as a very able man and one of the leading steel manufacturers; and he said he would like to have the business part of it thoroughly considered. I told him that until I had had an opportunity of consulting with the leading interests in the Federal Steel Company I was not prepared to give any decision as to what would be our attitude, although I had given my personal opinion to Mr. Bacon and to him; and he asked me what I proposed. I told him I proposed to get together those who were considered the leading men of the Federal Steel Company. He said, "All right", and I immediately began to assemble them.

At that meeting, coming in one after another, were Mr. H. H. Porter, Mr. H. H. Rogers, Mr. D. O. Mills, Mr. Nathaniel Thayer, I think—although he may not have been there at the beginning of the first meeting; Mr. Norman B. Ream, who was living in Chicago, but happened to be in New York that morning. As I remember, I had just received a letter from him that morning stating that he would be in New York Monday morning.

By MR. LINDABURY:

Q. This was that same Monday morning, was it?

A. That same Monday morning. We also got into communication by long distance telephone with Marshall Field, of Chicago, and had some conversation with him. We received his statement that he would abide by the decision of the others.

Q. Was Mr. C. C. Cuyler there, do you remember?

A. It is quite likely he may have been. I am not certain. I think he was.

Q. Was Mr. Samuel Spencer there?

A. I cannot remember.

Q. You are not sure?

A. No.

Q. Very well. Where did they come to you?

A. In one of Mr. Morgan's rooms.

Q. How did you communicate with these gentlemen?

A. By telephone, I think. I perhaps had my secretary, or one of my assistants, telephone around, and they came in in response to telephonic requests. After they came together I went over this whole proposition with them pretty thoroughly. They were familiar with the general proposition as to the necessities of the Federal Steel Company, because we had discussed that repeatedly; and I am very sure we spent considerable time discussing the proposition. There was some opposition to the purchase of the Carnegie properties, I remember. The price was named, according to my recollection. Before we finished the discussion it was unanimously agreed that we would purchase the property if we could finance the proposition.

Q. Do you remember who was the last man among the directors to approve of the scheme?

A. Yes, I remember.

Q. Who was he?

A. Mr. H. H. Porter.

Q. Do you remember the hour in the day when he finally came to an agreement with you?

A. No; but I think it was some time late in the afternoon; although his objections were not entirely removed that day, he did say, I think, that afternoon that if the others felt like going on, he would.

Q. Now, what were the subjects considered by you gentlemen, directors of the Federal, or owners of the Federal, at that time, and on account of which, or after considering which, you reached the resolution you mentioned?

A. The question of securing the Carnegie properties, with their ore reserves, which contained a class and character of

ore in large quantities which the Federal or the Minnesota Iron did not have, particularly their mills for diversified products, their location and their organization, which was believed to be a very good one, and if possible, the acquisition of other companies owning finishing mills, in order to diversify the product, including the Wire Company, which had been offered to us a number of times, and for the purpose, as I have said, of completing a rounded out proposition for the development of the business, extension of the business, manufacturing at lowest cost, and, particularly, increasing the extent of export business.

Q. What finishing mills did the Carnegie have then that the subsidiaries of the Federal did not have? I do not mean to locate the mills, but to give some of the principal finished products that the Carnegie interests turned out, that the Federal could not?

A. I would not like to undertake to do that at this late day, Mr. Lindabury; my memory is not good enough to tell you. I can say in a general way that their finishing capacity was very much in excess of the finishing capacity of the Federal Steel properties.

Q. Did they make a considerable line of finished products?

A. Yes, they did.

Q. That will do for my purpose. Now, in what respect was their location better than yours, or rather, would their location serve your purposes?

A. In the first place, there are what you might term zones of supplying the market. The mills in a certain locality would supply their finished product largely or principally to customers within a certain zone contiguous to the point of production. Another plant remotely situated would have its zone, and so forth. This was a particularly good location, for various reasons, and also very largely because for export purposes it was very much better situated, was much nearer to the seaboard, and I think was recognized, and certainly it has been demonstrated since that it was a very much better location for export business.

Q. Was the part of the United States to the eastward of Pittsburgh then an important consumer of steel products?

A. It was.

Q. And could the Illinois, from its location at Chicago, compete with the Pittsburgh mills for the trade to the eastward of Pittsburgh?

A. It could not successfully compete. Of course any manufacturer can send his goods to any other location. They can sell them at one price or another.

Q. I mean, of course, whether it was practicable.

A. There is legitimate and reasonable competition, and there is other competition that is simply foolish and nonsensical. I would distinguish between the two.

Q. How far east did you find it practicable for you to get, in the reasonable competition you have alluded to? Of course I know there was no fixed boundary, but perhaps you could approximate it.

A. The Carnegie, you mean?

Q. No, the Federal or Illinois, I will call it.

A. I will say the Illinois Steel could not successfully compete with the Carnegie Steel Company more than 100 miles east of Chicago, if it could at that distance.

Q. Now, then, with regard to other properties that you talked about. You said you knew the wire mills were for sale, and discussed the matter of acquiring them in case you concluded to take up the suggested scheme as a feasible business proposition?

A. Yes.

Q. What finishing mills did the Wire Company have that the Federal did not?

A. Wire products of all kinds. The Illinois Steel had a rod mill at Joliet that furnished a limited quantity of rods, used mostly in furnishing rods to the wire plant of the Wire Company at Joliet, and in all the branches of the manufacture of wire and wire products, which aggregate thousands of different kinds.

Q. And was the Federal without any of those?

A. The Federal was without any of those.

Q. How about plate mills? Was the matter of acquiring what we term in this case the Moore properties talked of?

A. The matter of acquiring the Moore properties was talked of at that time.

Q. And what were those properties?

A. During that day, in fact—I might be mistaken, but either that day or the next day—I visited Mr. D. G. Reid of the Moore coterie, Moore brothers, Leeds and Reid. I visited Mr. Reid and spoke to him of this plan and inquired if their properties could be secured on a reasonable basis, and in fact I took him over to Mr. Morgan's just to introduce him, the day I saw him, if I remember.

Q. Did he give you to understand that the matter was open to consideration?

A. He gave me to understand that it was open to consideration, and also we spoke of the Tube Company particularly, I remember; the tube business was a prosperous and successful business.

Q. Did the Federal have any tube mills?

A. It did not.

Q. Did the National Tube Company manufacture anything but tubes?

A. You do not mean the other semi-finished material, you mean iron or semi-finished?

Q. No, finished products.

A. I would say not; it had no other finishing mill to my recollection.

Q. Now, the Moore properties, they had a tin plate company?

A. They had tin plate.

Q What was that called?

A. The American Tin Plate Company, I think; and the American Sheet Company.

Q. Did the Federal have a tin plate mill?

A. It did not.

Q. It did not manufacture tin plate?

A. No.

Q. Another of the companies was what?

A. The American Sheet.

Q. What is the name of that American Sheet, as you have given it?

A. The American Sheet & Steel Company.

Q. Did the Federal have a sheet steel mill?

A. Well, I will not be certain of the technical name.

Q. I think you have the right name, the American Sheet

Steel Company, Mr. Bolling says, and that is my recollection of the name.

A. Yes; I think that is right.

Q. And another was a hoop company?

A. A hoop company.

Q. Did the Federal have a hoop mill?

A. It did not.

Q. All those were discussed. Now you reached a conclusion towards the end of that Monday. What was it?

A. The Illinois Steel did manufacture cotton ties to some extent, I think.

Q. Was it large or small?

A. It seems to me not large.

Q. You are not entirely clear on that, I suppose?

A. I am very sure it was not large.

Q. Cotton ties were made—

A. I do not think it was in constant use. It did have a cotton tie mill, I am very certain.

Q. Cotton ties, I suppose, were made by this hoop company, were they not?

A. I think they were.

Q. I am only judging by the name.

A. Yes; they were.

Q. That is your understanding, is it?

A. Yes; that is my understanding. And the National Steel.

Q. And the National Steel?

A. Yes.

Q. What relation did that have to any of these other companies?

A. The National Steel was a large manufacturer of iron and semi-finished steel, that is blooms and billets and so forth; and it utilized, I would say, about 75 per cent, anyhow a very large per cent of its semi-finished steel in selling it to these other three companies included in the Moore group. The location of the National Steel and these other three companies was such that the National Steel was a desirable place for them to secure their steel, and a desirable place for the National Steel to deliver its material.

Q. And were the stocks of those companies all in the same ownership, as you understand?

A. Well, practically. Those four companies at least were in the general control of the Moore group.

Q. Yes, consisting of the persons you named a little while ago, the two Moores and Reid, and who else?

A. Leeds, Reid and the Moore brothers; of course there were other important men connected with them.

Q. I understand, but they were generally recognized as the dominant factors?

A. Yes; undoubtedly they were.

Q. Now I will return to the question I started. You reached some sort of a conclusion on the afternoon of that Monday. State what it was.

A. I was going to say one other thing about that, if you will allow me.

Q. Certainly, finish whatever you had in mind, Judge.

A. After the Federal Steel people, that is the few leading men whose names I have mentioned, who were present at the meeting referred to, had decided to favor the purchase of the Carnegie properties, I sent a request to Mr. Morgan to come in the same room, or in some way secured his presence there, and he came in and I told him substantially what we had decided to favor, and he then said it was a big undertaking, but if these gentlemen who were practical and directly connected with the business, were satisfied this was a good business proposition and could be made successful, he would undertake to form a syndicate to furnish the necessary financial support. That is what he said in substance. Mr. Morgan was not a practical manufacturer, as you understand; while he was a strong personality and had his notions about things and was careful to inquire more or less so far as the practical conditions and the cost of manufacture were concerned, he relied upon other men connected with him; he based his opinion on their reports and their recommendations.

Q. Up to that time had the owners of these other properties been called in at all?

A. I think not, no.

Q. What next was done? I would be quite pleased, Judge, to have you go on and tell these events in their natural sequence without question, so far as you choose.

A. Well, I do not choose to do—I mean I have no choice.

Q. I mean to say, without waiting for a question, I want to develop this matter chronologically, you know, and have you tell what took place day after day until the Steel Corporation was an actuality.

A. The first thing after that——

MR. DICKINSON: Excuse me. In order that he may go on without too much interruption from me,—and I do not want to interrupt the continuity of it,—is it understood that my exceptions may be regarded as continuous ones to any declaration of motive or purpose or conversations that passed between them?

MR. LINDABURY: Yes.

MR. DICKINSON: Then I will not interrupt the Judge any more.

MR. LINDABURY: And further, Judge Dickinson, I will stipulate that if, to save interrupting the witness, you wish to put in any special objection after he has finished a topic, you may put it in at any place you choose, the same as if you had made it at the time.

MR. DICKINSON: Then I will not interrupt him at all.

THE WITNESS: The next thing that occurs to me was the calling in to consultation of distinguished lawyers. Messrs. Victor Morawetz and Francis Lynde Stetson were requested to come to the bank, and from that time on until the organization was completed, I think I spent the forenoon of nearly every business day at the banking house of J. P. Morgan & Company, and sometimes a larger part of the day, but generally in the afternoon more or less at the offices of the lawyers.

By MR. LINDABURY:

Q. I am not so much concerned with the legal side of this now as with the business side, and I would like you to tell of the negotiations which resulted in the acquisition of the other properties, and beginning first, as to the acceptance of the Carnegie offer, if it was accepted at any definite time. Anyhow, it is the business side of the thing just now.

A. Soon after the Monday meeting I have referred to, if not on that day, it was decided to purchase the Carnegie properties; and following that, at some day, which I presume is shown in the papers—I am not certain of that, how-

ever—a formal agreement was drawn up for the acquisition of the Carnegie properties, and——

Q. Do you remember the form that took, whether an exchange of letters or otherwise?

A. No, I do not, Mr. Lindabury.

Q. Do you remember what gentlemen had charge of that as lawyers or otherwise?

A. My recollection is that Mr. Stetson and Judge Reed of Pittsburgh.

Q. Mr. Stetson representing whom?

A. Representing——

Q. Your side?

A. The Federal Steel Company; he was connected with us, at least we so considered him; and Judge Reed represented Mr. Carnegie.

Q. That will do, because that will enable us to get it.

A. After that, we began negotiating for the acquisition of the different properties. We were in active negotiations for some time.

Mr. Converse represented the National Tube, I remember. The American Bridge Company was not taken in at first, but was acquired subsequently.

Q. Judge, by whom were these negotiations carried on on behalf of your company, and what, if anything did you personally have to do with them?

A. I had considerable to do with them. Mr. Bacon had something to do with them.

Q. Did you have to do with any part more than another? That is, did you particularly attend to the negotiations as to either of the companies?

A. I did particularly with the Wire Company, I remember. Some of the others at the bank had attempted to negotiate with the wire companies, and had got to the point where they seemed to think they could not succeed. I took it up and finally made a bargain with them.

Q. Where was this?

A. This was at the bank; in one of the rooms of the bank.

Q. Of Mr. Morgan's bank?

A. Of Mr. Morgan's bank.

Q. J. P. Morgan & Company's bank?

A. Yes.

Q. Was that negotiation rather prolonged?

A. It was.

Q. But you finally reached an agreement?

A. We finally reached a conclusion.

Q. One evening, or late in the afternoon, I believe you said?

A. Yes, late in the afternoon.

Q. Mr. Morgan was there, I suppose? I mean at the banking house?

A. He was at the banking house. I remember the circumstances very well.

Q. Was there any arrangement at the beginning, after you concluded to go on with the thing, as to who should conduct the negotiations—of course with such help as you could give; but was anybody fixed upon or appointed or nominated to conduct the negotiations for the acquisition of the various properties?

A. Well, I should say J. P. Morgan & Company.

Q. And company? Or a particular member of the firm? I do not know how it was.

A. Of course Mr. Morgan was the dominant man always.

Q. And he often was J. P. Morgan & Company, in your talk?

A. Yes. Mr. Morgan did not give much time or attention to the details of any proposition, as is well known. He would designate, with respect to a particular transaction, some member of his firm. I think Mr. Charles Steele was absent from the city, but came back to the city before negotiations with the Moore brothers were closed, for instance, and had something to do with that. I think Mr. Bacon had had considerable to do with it. Mr. Morgan had personally seen them a good many times.

Q. Then all of you gentlemen took part more or less in the different negotiations as the matter opened itself to you?

A. That is true. I personally knew, day by day, the steps that were being taken, what interviews had been had, and what the result of the interviews was, and so on. I was in very close contact from beginning to end, with the whole situation.

Q. I show you a circular letter dated March 2, 1901, signed by J. P. Morgan & Company and addressed to the stockholders of the Federal Steel Company, the National Steel Company, the National Tube Company, the American Steel & Wire Company, the American Tin Plate Company, the American Steel Hoop Company and the American Sheet Steel Company, and ask you whether you are familiar with that.

A. I am generally familiar with it. Of course I was very familiar with it at the time.

MR. DICKINSON: Your agreement that I can enter exceptions afterwards applies to all of these documents, too, Mr. Lindabury? I just want that understood, so that I may not interrupt you.

MR. LINDABURY: You probably would not want to object to this, Judge, anyway.

MR. DICKINSON: I do not know that I would.

MR. LINDABURY: You are familiar with this circular.

MR. DICKINSON: I simply wanted to know if your statement did cover anything you are asking Judge Gary now.

MR. LINDABURY: Yes, Judge.

By MR. LINDABURY:

Q. Judge, do you happen to know what publication attended the issue of that circular?

A. It was very generally published, published in many newspapers in this city and all over the country, for that matter; it was formally published in a great many different newspapers, and other newspapers throughout the country published the substance of it; but many of them published the circular in toto.

Q. Do you remember whether it was sent out to the stockholders in the companies named or not?

A. It was.

Q. You recall that that circular states the terms upon which the stocks of the various companies named were to be taken over if the holders of the stock consented?

A. Yes.

MR. DICKINSON: Are you going to introduce the circular?

MR. LINDABURY: Yes, when it comes; I am trying not to lose the time, that is all.

By MR. LINDABURY:

Q. Had the negotiations been concluded then with the principal owners of the various companies?

A. Negotiations had been concluded, and after they were concluded the amount of capital stock to be issued was fixed, and the stock of the new company which was to be offered to the various stockholders of the various companies in exchange for their securities was determined, and I think stated in the circular.

Q. When was it determined what form the proposed organization should take? Some where in the course of this negotiation, of course?

A. Yes; it was during the negotiation.

Q. Was there any question as to how the organization should be effected, whether by having the existing companies take over the stocks of the others, or by organizing an entirely new one?

A. It was determined.

Q. And was it a subject of debate or consideration?

A. It was.

Q. What then existing company was spoken of as perhaps a good one to take over the others?

A. My first suggestion was to increase the capital stock of the Federal Steel. My next suggestion was, when it was determined under the advice of counsel to organize the new corporation, to call the new corporation the Federal Steel, but it was finally decided to call it the United States Steel Corporation.

Q. You rather wanted to keep the "Federal Steel"?

A. I did.

Q. But it was finally concluded to take another name?

A. It was.

Q. And that of the United States Steel Corporation was agreed upon?

A. Was adopted, yes.

Q. Now, how was the capital arrived at?

A. I cannot give definite figures, but the capital of the new corporation was arrived at by adding together the cost of the different companies agreed upon, and leaving, as I remember, a margin for securing other properties which we then contemplated getting at a later date, if we could.

Q. Anyhow it was made enough to purchase the properties which had then been agreed upon with the principal stockholders?

A. That is correct.

Q. Did you, before sending out the circular, have an agreement in writing or otherwise with a majority of the stockholders of each of the companies, as you recall?

A. I think not. I am not sure, but I think not.

Q. I am under the impression the circular said so; perhaps I am wrong. But anyhow you did have an understanding with the leading stockholders?

A. Yes; we had.

Q. Of each of the companies?

A. We had, and I think you will find that because we had to secure the voluntary offer of other stockholders to exchange their securities for the new securities to be issued by the New Company, it was provided in some of the circulars at least that the general plan might be abandoned at any time. It may be, and I think it is a fact, that with respect to most, if not all the companies, we had ascertained that we could get a majority of the stocks of those various companies, if we did not already have an agreement to that effect.

Q. I will now show you the circular letter referred to and ask you if you identify it (handing paper).

A. I recognize the form of circular letter.

Mr. Lindabury: Judge, I propose to offer this in evidence at this point, and to offer other documents on direct examination, unless you object; and I make the latter remark because in the practice under which I have grown up it is not regarded as proper to offer in evidence a document until after cross examination. We have not been doing that, and unless you prefer that that practice should be observed, I will offer it now.

Mr. Dickinson: I make no objection as to the point of time. Defendants' Exhibit No. 54, being a circular dated March 2, 1901, is excepted to as incompetent, irrelevant, and containing self-serving statements.

Mr. Lindabury: Then I will ask to have it marked in evidence.

(The paper referred to was thereupon marked "Defend-

ants' Exhibit (Gary) No. 54, May 28, 1913," and will be found in the volume of exhibits.)

By Mr. Lindabury:

Q. Had or not the basis upon which the stocks of the named companies were to be taken over, as stated in this circular letter, been agreed upon with these principal stockholders to whom you have alluded at this time?

A. It had.

Q. And the same terms, then, were offered to all the stockholders as had been agreed upon with the representatives to whom you have alluded?

A. That is true.

Q. This is not addressed to the stockholders of the Carnegie Company, you will observe

A. No.

Q. Why not? That is, had you already agreed with them?

A. We had agreed with them.

Q. Your offer was from Mr. Carnegie individually, I take it?

A. Yes.

Q. Do you know when his associate stockholders came in?

A. Almost immediately.

Q. They were not very many in number, were they?

A. Not very many. The stockholders were made up of the old partners.

Q. Did they come in on the same basis as Mr. Carnegie had offered, as you recall?

A. Well—

Q. I think there was some difference in the method of payment, was there not?

A. Yes; so far as the cost price of the whole property was concerned, yes.

Q. Mr. Carnegie took bonds?

A. He took bonds.

Q. And they took some bonds and some stock?

A. Yes.

Q. That was the only difference, was it not?

A. The only difference; I think that is so. Of course they could tell better than I, how they distributed the payments for their respective interests.

MR. DICKINSON: I except on the ground that the witness has not been shown to have been present at the negotiations between the Carnegie interests and the Morgan interests, nor to have had knowledge of the original agreement or other agreements between the Carnegie interests and the Morgan interests in respect to the exchange of the Carnegie properties.

Q. I show you another circular letter dated March 21, 1901, sent by J. P. Morgan & Company as syndicate managers to the stockholders of the Federal Steel Company and the other companies to whom the circular letter of March 2nd was addressed. Do you identify this? (Handing paper.)

A. I do.

Q. Do you remember whether that was sent out or not?

A. It was sent out and widely advertised.

Q. You will observe that that contains a statement as to the amount of stock that had come in under the March 2nd plan up to that time.

A. I do.

Q. Over 90 per cent of each class of stock of all the corporations, was it not?

A. Yes.

Q. Besides making that announcement, I think the circular extends the time, does it not, for the others to come in?

A. It does.

MR. LINDABURY: I offer that in evidence.

(The paper referred to was thereupon marked "Defendants' Exhibit (Gary) No. 55, May 28, 1913," and will be found in the volume of exhibits.)

Q. Judge, to return to these negotiations again for a moment: Do you know whether the negotiation for the acquisition of what we are calling the Moore properties was prolonged or not?

A. It was.

Q. With whom were those negotiations had?

A. With Mr. Moore largely.

Q. Participated in by any of the other gentlemen you have named? Or do you not recall?

A. To some extent. But I think Mr. Moore represented them generally in the negotiations.

Q. To which Mr. Moore do you allude?

A. Mr. W. H. Moore.

Q. Were those negotiations particularly strenuous and closely held or pursued?

A. They were.

Q. Do you know over what period of time they ran?

A. I do not; but it was some time.

Q. Weeks?

A. I should think so. That is my recollection.

Q. And do you know which of the companies was the last to conclude negotiations?

A. The American Steel & Wire Company, I think.

Q. You mentioned having a particular part in that. I do not know whether you mentioned the gentleman who led in the negotiations on behalf of the stockholders or not.

A. Of the Wire Company?

Q. Yes.

A. John W. Gates.

Q. Do you think that was concluded after all the others?

A. I think so.

Q. Being the last?

A. Yes.

Q. Mr. Converse you said, I believe, represented the Tube Company?

A. He did.

Q. Did you have a part in those negotiations?

A. I did, to some extent; not very much. My recollection is that Mr. Converse was very reasonable in his attitude and that it did not take very long to agree with him. Of course he had to consult with his associates more or less, and some time was occupied, but it was a little different from the negotiations with some of the other companies, I think. Each company, of course, was trying to get as much as it could, and others were trying to keep them down as much as possible.

Q. The negotiation was a strenuous one?

A. It was.

Q. You have stated the need that the Federal Steel directors felt of having such finishing mills as the Moore properties possessed?

A. Yes.

Q. How came you to take the National Steel?

A. I should say the principal reason was that the National Steel Company's properties were needed to supply steel to the other three companies connected with that in what was called the Moore group. Another reason was that the National Steel had some very good ore properties that were desirable and necessary; and also I am very certain that Mr. Carnegie insisted that the National Steel should be purchased so that he would have security on the property of the National Steel.

Q. Do you remember what the attitude of Judge Moore and his associates was as to selling?

A. They would not sell one without all, as I remember. We could not have gotten the other three companies unless we took the National Steel; but it was a very good purchase in connection with them, Mr. Lindabury, for the reasons I have given.

Q. There was not included in this scheme as you have so far testified to it, the acquisition of the Lake Superior Consolidated Iron mines?

A. No.

Q. Or the American Bridge Company?

A. That is true.

Q. Those were acquired later?

A. They were.

Q. How did that come about?

A. With reference to the iron ore properties, known as the Rockefeller properties, I remember suggesting to Mr. Morgan pretty early in these negotiations that if we succeeded in acquiring the other properties, we should have the Rockefeller ores. Not very much consideration was given to the subject matter at that time, apparently, but when I mentioned it to Mr. Morgan the second time he asked me what I thought he ought to do, and I suggested that he go to see Mr. Rockefeller; and he did so. The next morning, as he came in the bank, I remember his saying that he had seen Mr. Rockefeller and had some conversation; that he had not made any headway in negotiating but still he did not think Mr. Rockefeller was averse to selling on some basis. The next thing I knew about it, Mr. Frick was negotiating with some

of the Rockefeller people in regard to the Rockefeller ores. So far as I know, that was the first connection Mr. Frick had with the matter, except in joining in selling the Carnegie properties.

Q. Do you recall whether this was after March 24, after it was known that the first proposition could go through?

A. It was after, I should say.

Q. And Mr. Frick had been a considerable owner in the Carnegie Company had he not?

A. Yes, a large owner.

Q. And he had agreed to sell?

A. Yes.

Q. With all the others?

A. Yes.

Q. And to take securities in the new company?

A. Yes.

Q. So that he was interested in it?

A. Yes.

Q. You discussed the matter of acquiring these different ores with Mr. Frick?

A. I had had a little conversation, not very much.

Q. He was a practical steel man, was he not?

A. He was a practical steel man.

Q. And well informed on the subject?

A. Yes. During these negotiations I remember Mr. Morgan asked me to make an estimate on the value of the Rockefeller ores, and in a somewhat crude way I attempted to do that, having before me then some figures showing quantities and knowing something about the ore properties in the Lake Superior region, and at a period later than that he showed me a memorandum which Mr. Frick had brought him, coming direct from the Rockefellers, and which contained an amount which the Rockefellers had finally said they would take.

Q. Were those various negotiations that you have already told us about, running into and including those with respect to the Rockefeller properties and the Bridge Company, taken in consultation with the other gentlemen of the Federal Steel that you began with?

A. They were; of course I kept them fully informed all

the time, and was acting for them, being spokesman and representative of the Federal Steel interests.

Q. They continued in touch with the whole matter?

A. They did. I had not quite finished the closing up of the Rockefeller project. I did not know whether you wanted me to.

Q. I was speaking to Mr. Severance, and did not notice it. Proceed.

A. I was simply going to say that Mr. Frick brought in a proposition that he had secured from the Rockefellers, and while the figures were a little larger than those I had given Mr. Morgan previously, we decided to take them over.

Q. I think I will ask you, even at the expense of a little repetition, to state again as succinctly as you can the reasons for purchasing the Rockefeller ore properties, as they appeared to you and your associates in the enterprise.

A. I should say there was only one reason, and that was that the manufacturing properties very much needed that ore, and as we finally secured it at what then seemed to be a reasonable price, and has since proven to be a very low price, we decided to acquire it. We needed all those ores and more at that time, for the manufacturing plants.

Q. How do you know that? That is, upon what do you base that statement, if on anything besides your own individual judgment?

A. I know it by the reports of all our experts and by the general statistics with which I am pretty familiar, and by comparing the quantity of ore which the Steel Corporation has as compared with our competitors, our manufacturing competitors, and the years or time supply of ore which we have as compared with theirs. I know from my own general knowledge, from my connection with the business, my knowledge of the properties, that it was necessary in order to round out the properties, as I have termed it over and over again, that it was essential that we have a supply of ore as large as we would have with the Rockefeller ores included, and larger, for that matter.

Q. Were those matters that you have now told us about with this detail canvassed between you and your associates in the enterprise and with your expert men?

A. They were. You see, Mr. Porter and various other members of the directorate of the Minnesota Iron Company were very familiar with the ore properties, and it was very easy to become acquainted with all the facts relating to ore. In fact from month to month and almost day by day we were in discussion amongst ourselves and consultation concerning the general ore properties in the Northwest, and were buying ores occasionally, the Federal Steel, not very much, because we did not have the money; that is the truth about it; and we would have bought more if we had had money, but the properties were offered to us and we had our ore experts examining them, and we always knew when the Rockefellers bought any ore. In fact we were pretty well informed, and my associates in the Federal Steel who were leading men, like Mr. Porter for instance, were particularly anxious to get more ore, and they were insisting upon getting the Rockefeller ore if we could get it on a fair basis; and not only the Minnesota Iron people felt that way, but the Federal Steel people, the manufacturing people who had in previous years been buying their ores from the Minnesota Iron Company and the Rockefeller people both; they knew all about the ores of the United States, the manufacturing companies, so that I was well fortified in my opinion, by the opinion of my associates in the Federal Steel.

Q. That is what I wanted. How about the purchase of the American Bridge Company stock?

A. That came on a little later. The structural business was an important branch of the business, and with that I would include of course the fabricating and erecting department. We had more or less conversation with Mr. Percival Roberts, Jr., who was president of the American Bridge Company, and the leading man in that company. He had previously been a dominant factor in the Pencoyd, and was a man of large experience, and I would say of great ability, if he were not in the room.

I will say this, that Mr. Roberts' statement in regard to the Bridge Company's properties, and his opinion concerning them, would be accepted by any one who knew him well; and we needed those properties, and if we could get them at a fair price we decided to take them over.

Q. What was the particular need you had for those properties, or, putting it in another way, what particular use did you see for those properties in your organization?

A. Well, to add to our finishing capacity, take over a company that was buying steel of other companies, secure plants located near the seaboard, and utilize particularly to good advantage in our export trade.

Q. What other companies did you allude to as companies from which the Bridge Company was buying; your own or others?

A. The Carnegie.

Q. You mean they were buying from your companies within the organization; not from competitors?

A. No, I mean from the Carnegie Company, largely. You see, in this whole plan, Mr. Lindabury, there was an effort made to acquire properties that would be useful to each other, and by that I mean to acquire a plant that furnished certain commodities to another plant which we were acquiring, and to acquire the latter because it could, at good advantage, secure the products which it needed for its uses, and so all through the line, from the ore down to the conversion from one product into another, and the final distribution of the finished product.

Q. Yes. That pretty well answers the question, but what I was going to ask in particular was how the acquisition of the Bridge Company's properties rounded out your scheme or plan of organization. Perhaps you can add something to what you have said; I do not know. What defect, if you please, in the rounded out propositin, was supplied by the taking over of the Bridge Company?

A. I should say the structural business, the fabrication of structural material, and also the erection of the fabricated material; it was another branch of business.

Q. That is what I wanted to bring out.

A. An additional branch of business.

Q. Did you, up to that time, have any concern which put structural material in final form for use by the consumer?

A. We did not; certainly to any extent. It has been mentioned that the Illinois Steel Company had a small fabricating plant at the North Works in Chicago; that was not of very

much importance; it was a good business, there was enough of it to show that it was a splendid business, but I think those works secured their shapes largely from the Carnegie Steel Company and fabricated them to some extent, and did some little erecting, but that was a plant of very little importance by comparison. But we needed the American Bridge Company to round out and establish ourselves in this important branch of the business.

Q. You had no fabricating mills whatever in the East, did you?

A. We did not.

Q. And the one in the West was small?

A. Yes; really not large enough to be mentioned except for the purpose of trying to be accurate.

Q. Judge, did you reach an agreement with the owners of the Bridge Company?

A. We did.

Q. As well as with the Rockefellers, as you have told us?

A. Yes.

Q. And did you offer the terms that you agreed upon with them to the minority stockholders?

A. We did.

MR. DICKINSON: I object to the testimony of the witness in respect to the terms offered the Rockefeller interests and the minority stockholders, on the ground that the witness has not been shown to have been present or to have been familiar with the agreements reached between the Morgan interests and the Rockefeller interests in respect to the sale of the Rockefeller holdings in the Consolidated Iron Mines.

Q. I show you the Morgan circular letter of April 2, 1901, addressed to the stockholders of the American Bridge Company and the Lake Superior Consolidated Iron Mines, and ask if you recognize that. (Handing paper.)

A. I do.

Q. Do you know whether this was published in the newspapers and given considerable circulation or not?

A. It was like all the rest, very extensively published.

Q. And at the time?

A. And at the time.

Q. In the press.

A. In the press.

MR. LINDABURY: I offer that in evidence and ask to have it marked as an exhibit.

(The paper referred to was thereupon marked "Defendants' Exhibit (Gary) No. 56, May 28, 1913," and will be found in the volume of exhibits.)

MR. DICKINSON: Defendants' Exhibit Gary No. 56, being a circular of April 2, 1901, is excepted to as incompetent, irrelevant, and containing self-serving statements, and the statement in respect to the terms upon which the holdings of the Rockefeller interests in the Lake Superior Consolidated Iron Mines were to be acquired is especially excepted to as self-serving and hearsay.

THE WITNESS: If anything was ever extensively advertised throughout the United States, it was the organization of the United States Steel Corporation, and every step.

By MR. LINDABURY:

Q. Judge, in your conferences with your associates of the Federal Board of Directors and with Mr. Morgan prior to the resolution to go ahead and accept the offer of Mr. Carnegie, was the matter of obtaining an advantage by suppressing competition or acquiring a monopoly alluded to or discussed in any way?

A. It was not.

Q. Was that suggested by anybody as a reason or motive for putting these companies together, or buying the Carnegie Company?

A. It was not.

Q. Was the matter of suppressing future or threatened or not yet developed competition on the part of any of these concerns taken over mentioned or considered as a reason for your scheme?

A. It was not.

Q. Was the purpose of Mr. Carnegie, if he had such a purpose, to go into the tube business, discussed or considered in that connection?

A. It was not.

Q. Was it alluded to in the deliberations that you have told us of?

A. No, sir.

Q. By anybody?

A. No, sir.

Q. Was it ever mentioned to you by Mr. Morgan as a reason for his going into the matter and financing it?

A. It was not.

Q. Or by anybody else whom you met and who went in with you into the matter?

A. No, sir.

Q. Had you, or had any of your associates, so far as you know, any purpose in organizing the United States Steel Corporation of suppressing competition, restraining trade or acquiring a monopoly?

A. No.

Q. Was anything said or done in that connection by the others that came to your knowledge, indicating that that motive or purpose actuated anybody who went into this venture with you?

A. Nothing whatever.

Q. Were you aware, at the time you purchased these various companies, by the purchase of their stocks,—I mean the companies that came to be the subsidiaries of the United States Steel Corporation—that they had been originally organized, if they had been, or that they were then, if they were, monopolies or concerns engaged in restraining trade?

A. I was not. I must add there that I had some personal knowledge of the fact that some of the wire companies which had been consolidated had to some extent been in competition. I do not desire to deny that. I had some knowledge in regard to the wire business; not very much.

Q. Did you know or did you consider at the time that the American Steel & Wire Company, which was what you took over, was a monopoly or existent in restraint of trade, or was engaged in restraining trade?

A. I did not.

Q. Do you remember that these companies, all or any of them, had been investigated by authority of Congress, by some committee, a year or two before?

A. Do you refer to the Industrial Commission?

Q. Yes.

A. I knew something about that, yes; because I appeared before it.

Q. The Federal Steel was investigated with the others, was it not?

A. Well, if you call it an investigation.

Q. Its organization was inquired into and publicly developed, was it not?

A. Yes, it was.

Q. And was that true of others of them?

A. Yes, sir.

Q. The hearings were public?

A. They were.

Q. And the organization and plan and scope and capitalization of each of them was gone into publicly, was it not?

A. Yes, sir.

Q. No complaint, so far as you know, against any of these had been entered by the Department of Justice, or any other Department of the Federal Government at the time, had there?

A. No, sir.

Q. Did you or did your associates, so far as you know, take over any of these subsidiary companies upon the idea or theory that they had a monopoly?

A. We did not.

Q. Were they, any of them, acquired upon the theory that they then were restraining trade, or that through their instrumentality you might be able to restrain trade in any steel products?

A. I should say no; quite the contrary.

Q. Were any of those concerns bought at a price in excess of what it was necessary for you to pay in order to get them?

A. No, sir.

Q. Was the price of each negotiated down as far as it was possible to do?

A. It was.

Q. Were or were not these companies, taking them all together, according to your judgment at that time and now worth to the Corporation the price that it paid for them in its stock?

A. Yes.

Q. I will ask you separately now with respect to the Lake Superior Consolidated Iron Mines and the American Bridge Company?

A. The same answer.

MR. DICKINSON: In addition to the objection previously reserved in respect to any declarations of motive or purpose, or conversations that passed between the Morgan interests and the various other parties concerned in the formation of the United States Steel Corporation and its subsidiaries, I except to the foregoing testimony, on the ground that it is not shown that the witness was present at all of the foregoing negotiations, nor to have had knowledge of what passed between the various parties.

I further except to all statements of reasons or purpose as self-serving.

Q. Judge, there were other steel companies in business at the time the United States Steel Corporation was formed that were not taken over, were there not?

A. There were a good many.

Q. Will you give the names of the principal ones that occur to you?

A. I can give the names of some of them; Jones & Laughlin, the Lackawanna Steel, the Republic Iron & Steel, the Cambria Steel, the Pennsylvania Steel, the Maryland Steel, the Bethlehem Steel; I think the Inland Steel was started; that has grown to be a big company since; the Ashland Steel.

Q. I think that is enough, Judge, unless you have something in mind you want to add. Did you make any attempt to acquire these?

A. We did not.

Q. Mr. Severance suggests that the Colorado was a considerable concern?

A. Yes; the Colorado Fuel & Iron, located at Pueblo, Colorado. There were a good many others.

Q. There were a great many others?

A. Yes.

Q. We have the representative ones. Some of the others were the Worth, Lukens, and others.

A. Yes. I am not talking of companies like that. There were lots of them.

Q. I did not mean to include those in my question.

MR. DICKINSON: Your question was as to the principal ones.

MR. LINDABURY: Yes; the principal ones that came to his mind.

THE WITNESS: I have mentioned the leading ones that now come to my mind.

By MR. LINDABURY:

Q. Yes. Upon what principle did you make your selections?

A. On the principle of securing what seemed to us to be the best located companies, with good facilities for carrying on their respective branches of the iron and steel industry in such a way as to accommodate one another and to form and complete an organization which would give us a self-contained, complete, rounded-out business proposition that would enable us to manufacture at the lowest cost all of the principal forms of finished steel for sale in all parts of the world. We did not secure or attempt to secure any of the other companies, although we might have done so; we might have secured them; because, in our opinion, we did not need them for the business purposes which I have stated.

Q. In so far as any of these companies' plants were duplications was that purely incidental or with a purpose?

MR. DICKINSON: Objected to as leading and indefinite.

A. That was incidental. I say conscientiously there was no effort or disposition on our part to secure a monopoly or to restrain trade. Our intention and our effort was, and has been, to extend trade and to foster competition; and we have done that.

Q. And how far, anyhow, did this duplication extend? Perhaps others can give it more in detail, but you, I imagine, can give it pretty generally.

A. I can do it to some extent. For instance, the Carnegie Company and the Illinois Steel Company each manufactured large quantities of rails.

Q. And therefore had duplicate rail plants?

A. And therefore had rail plants.

Q. Excuse me for interrupting you.

A. They were to some extent in competition; but it is difficult to define competition in its natural and general sense. The Carnegie Company, for instance, could and did at times in previous years sell steel in small quantities in the Chicago district at a price lower than the Illinois Steel could make those rails for if proper charges and proper accounting were made. To that extent there was a competition. The Carnegie Company could sell a majority of rails perhaps elsewhere at a different price if they wanted to, but sell their rails out in that district, as a matter of retaliation, or for any other reason, and could do what they came very near doing at one time, namely, force the Illinois Steel Company into the hands of a receiver. In 1896, if I am not mistaken, the Illinois Steel Company came very near going into the hands of a receiver. The papers were drawn, in fact.

Now, the Illinois Steel could retaliate, but I do not think that kind of competition is such competition as I ought to consider in answering the previous question. These respective companies had a natural territory, and so far as the bulk of their products was concerned, they were not in competition. I cannot conscientiously say that there was no competition between these companies. There was some, but that kind of competition was incidental to the general business purpose and manufacturing idea of the different companies.

Q. So what you would term the normal competition between them on rails was not very great?

A. That is true. There is a great market in and about Pittsburgh, and east of Pittsburgh, and in foreign countries, for the Carnegie steel. At one time the Illinois Steel Company had a little foreign business, particularly in rails, because in those days the freight rates were so very low that they could send their rails to San Francisco and thence by water to Japan, and perhaps some other countries. It was comparatively small, but the Illinois Steel Company did not have many opportunities for doing export business. On the other hand, the West, Southwest and Northwest from Chicago is a very great and growing market for steel products, and it is essential to a successful manufacturing company to have plants in those various districts, and so in our opinion it was desirable and necessary to have them both, because that

was the best way, the most economical, from an economical standpoint, the right thing to do in forming a corporation with the plants and for the purposes which I have named. As I have stated, there was some competition, and we had to purchase plants, if we could, that had some competition. Such competition was incidental to the project.

(After the latter part of the above answer was read by the stenographer:)

THE WITNESS: That does not correctly represent exactly what I intended to say. I intended to say that in purchasing plants which we needed for the purposes I have stated, we secured those which had some competition; but that was incidental.

Q. Was it possible for you to find plants having the facilities that you needed for your scheme without getting plants that were to some extent in competition with some of the others?

MR. COLTON: I object to that question as leading.

THE WITNESS: I do not think it was. We secured the plants which were obtainable on a fair basis, and which were the best fitted for the purposes I have named; and although this included the purchase of plants with some competition, that was incidental and slight by comparison; that is, slight when the whole proposition was considered. In saying that, I do not intend to modify anything I have previously said, or change the facts in any regard concerning particularly the question of rails, which I have already referred to.

By MR. LINDABURY:

Q. Roughly speaking, Judge, what percentage of the Illinois Steel Company's trade was west of the Indiana and Ohio line?

A. Well, I would say from 95 per cent upwards. That would be my estimate.

Q. Substantially all of it?

A. Yes.

Q. What percentage of the Carnegie Company's trade was east of that line?

A. East of the Illinois line?

Q. The Ohio-Indiana line.

A. I should say a very large percentage of it, certainly.

Q. So that each company had in effect a separate field for its activity?

A. Largely so, of course.

Q. A substantial part of the business of each was in different territory?

A. Yes; they lapped over, as I have stated, and some times extended beyond any reasonable boundary. Of course I haven't the figures before me, and I may be in error; I am giving you my best impression.

Q. And did this product of the Carnegie Company which went west of the Ohio-Indiana line consist in part of things that the Illinois did not make?

A. Yes, it certainly did; the Carnegie Company.

(By request, the stenographer repeated the pending question and answer.)

THE WITNESS: I was going to add to my other answer, if I might, that the Carnegie Company owns a railroad from Pittsburgh to the Lakes, and may have, and quite likely did, in that way, during certain seasons when the water navigation was open, sell some products to the Northwest; also they did at times, when the water in the rivers was very high, which was for a limited period, sell some commodities in the Southwest that went by river, and therefore to some extent my answer previously given might be modified, but its market largely, I should say, was in the vicinity of Pittsburgh and east of Ohio and Indiana, certainly east of Illinois.

Q. What I was desiring to know was simply whether or not the substantial markets for the two companies were in different territories.

A. I should say yes.

(Whereupon an adjournment was taken until tomorrow, Thursday, May 29, 1913, at 10:30 o'clock a. m.)

SIXTY-SIXTH DAY.

EMPIRE BUILDING,
71 BROADWAY, NEW YORK CITY.

THURSDAY, May 29, 1913.

Before Special Examiner JOHN ARTHUR BROWN.

Present on behalf of the United States, MR. COLTON.
Present on behalf of the Defendants, MR. LINDABURY, MR. SEVERANCE, MR. BOLLING and MR. REED.

ELBERT H. GARY,

the witness under examination at the taking of the adjournment, resumed the stand.

DIRECT EXAMINATION (Continued):

By MR. LINDABURY:

Q. You testified yesterday to the competition between the Carnegie Company and the Illinois Steel Company as to rails. I do not remember whether you spoke further or not, as to whether there was competition in addition to those, and if so, its extent or character. I think you did not.

A. I would prefer to leave the question of exact tonnages of competition to others who can give the figures and who have given the figures; but I feel certain that there were many lines of business in which the Carnegie Company was engaged that the Illinois Steel Company was not engaged in manufacturing; and the Illinois Steel Company was manufacturing lines that the Carnegie Company was not manufacturing. I can mention those in detail more or less if it is desired, but I would rather refresh my recollection. I was very clear with reference to all those facts at the time of the organization of the United States Steel Corporation. I have given the reasons why there was not so very much competition. Take the subject of rails, for instance, that I referred to yesterday. The Carnegie Steel Company was prepared to

make, and was making, a very large quantity of open hearth steel, which was coming more and more into use. The Illinois Steel Company made very little open hearth steel, comparatively speaking. The railroads were beginning to demand open hearth steel for rails, and it was being demanded for other uses. The Carnegie plant had a big start in that respect. The Illinois Steel Company did not have the money to extend its open hearth steel capacity as it needed to do. Perhaps in another connection, if I am inquired of and go into that question at all, I will state something in a general way as to the growth of the manufacture of open hearth steel, with which I am acquainted in a general way.

MR. COLTON: I object to so much of the answer as states his feeling or opinion, and not stating facts, which are called for.

By MR. LINDABURY:

Q. Was the Lorain Company in competition with any of the other companies taken over?

A. I think it was not to any appreciable extent or important extent. I think I stated yesterday, and if not I will state now, the Lorain Steel Company had a mill for the manufacture of girder rails on which they could make standard rails, but not economically. Now, to some extent a slight extent you might say, those rails would come in competition with other companies, but to a very slight extent. The Lorain Steel Company made billets for sale to some extent, and I think at that time did sell some of those billets at Cleveland, at least, and perhaps other points. For instance, they had sold billets to the Wire Company and the Wire Company had become prepared to make its own billets, and that changed that, so that the Lorain Steel Company had no market there. The Lorain plant at Lorain was not completed; they were extending and completing their capacity, but they lacked money, they were hard pressed for money and very anxious to sell. That was at the time the Federal Steel took them over. At the time the United States Steel Corporation was formed, if your question relates to that, or covers that, the Lorain Steel Company had very much changed its business and was making no standard rails whatever, at least not to speak of.

Perhaps they did make a few, and if they made any it was surplus furnished by the Illinois Steel Company largely, but I should say they were principally engaged, so far as finished products were concerned at Lorain, in the girder rail business. It had its Johnstown plant, which was a totally different business, and was not in competition with any of the other companies taken in by the United States Steel Corporation, so that the competition was not important or worth mentioning.

Q. Was anybody else making girder rails in any quantity?

A. Of these other companies?

Q. Yes, I mean of these other companies that were taken in?

A. No.

Q. I will pass on. What about the American Sheet Steel; was that in competition with any of these companies, and if so, to what extent? Generally, I mean, I will not ask what tonnages or details.

A. They probably were to some extent, but I should say not very much of importance.

Q. Do you remember what it made? Sheet steel, I suppose, as its name indicates.

A. Sheet steel.

Q. What about the Steel Hoop Company?

A. The Steel Hoop Company was not in competition very much with any of the other companies. The Steel Hoop had a considerable merchant bar business, and the Illinois Steel Company and the Carnegie Company had some merchant bar business. My impression is that the Carnegie did not have anything like as much as the Steel Hoop.

Q. And the Illinois less yet?

A. The Illinois less yet, but the territory of the Illinois was so different that there was not very much competition; could not be very much competition.

Q. Where was the Steel Hoop plant located?

A. Different mills.

Q. In what general territory?

A. The Pittsburgh district.

Q. They made cotton ties, didn't they?

A. The Steel Hoop, yes. They made some cotton ties, I cannot tell you how much.

Q. Who else made them?

A. The Illinois Steel made some cotton ties. I do not think they came in competition with one another very much if any.

Q. The Tin Plate Company, was that in competition with any of the others?

A. No, I should say not. I do not remember of any.

Q. How about the Steel & Wire Company?

A. The Steel & Wire Company was in some competition in plates, but not very much. They manufactured some plates.

Q. The National Tube?

A. The National Tube, I think, was not in competition with any of the others.

Q. The National Steel I think you mentioned yesterday.

A. I referred to the National Steel yesterday. There was some competition by the National Steel and the Carnegie Company particularly. The National Steel made a good many billets and sold a large percentage, from 75 to 90 per cent, I will not attempt to be exact, of its billets to the other companies included in the Moore group, and they had surplus, and at times would sell that surplus in such a way as to furnish some competition, depending upon business conditions. They would sell billets one place or another. One year they exported quite a large quantity of billets; they happened to have a surplus. They managed their business in that way. They had a rail mill, which was a pretty good rail mill, and it was a mill on which they could roll other products, and they would run that mill on rails at times when it was desirable to do so, and when the other lines were better they would run the other lines. Now, for instance, in one year perhaps they might make a good many rails; they did make quite a good many rails one year, I am pretty certain, but it was because the market for bars happened to be very small, very poor.

Q. Do you happen to know what that company was organized for, what was the principal purpose of its organization or acquirement?

A. Do you mean the National Steel?

Q. Yes.

A. The National Steel, as such, I think was organized really for the purpose of furnishing to other companies in-

cluded in the Moore group, or some of them, semi-finished steel which those companies needed. My recollection now is that the American Tin Plate Company was the first one formed by the Moore group.

Q. That is correct.

A. Now, depending upon my recollection entirely, I think the National Steel might have been next. I think the Tin Plate Company needed that steel. The surplus quantity of semi-finished steel which the National made that did not go to the Tin Plate was largely sold, almost altogether, I think, not in the Pittsburgh district, but in the Mahoning and Shenango Valleys, because they were more contiguous, they were the natural places. Mr. Roberts or others can describe better than I can now, perhaps, for the last few years the exact details and competitive conditions. They are not quite so familiar to my mind as they were at that time. Of course I have been occupied with other questions for the last few years.

Q. Were the prices agreed upon with these different companies or their principal owners submitted to and approved of by your associates in the Federal before they were adopted?

A. They were. As I have stated, I was in very constant communication with the Morgan people, and also in just as close communication with the Federal Steel people, who were around my office more or less and whom I saw every day and sometimes many times a day, and it was not uncommon for Mr. Porter and Mr. Rogers and Mr. Ream and others to come into Morgan's banking house; and they were all more or less familiar. Perhaps Mr. Porter and I devoted more time to it than the others, and I was very careful to keep my associates in the Federal Steel posted as to what was going on, and the firm of J. P. Morgan & Company were just as careful all the time to keep me, as well as they could, fully advised as to what was being done, and we knew what the negotiations were and we were consulted before they were closed and our approval secured. The firm of J. P. Morgan & Company were very careful to advise with and satisfy the Federal Steel interests day by day.

Q. Did the firm of J. P. Morgan & Company act in the matter of organizing the United States Steel Corporation or assume to act in any other capacity than as financiers?

A. Perhaps I should answer your question first in the negative and then modify that to some extent. They were the financiers. They did not assume to be anything else. They were asked to be the financiers. So far as the business questions were concerned, they did not assume to act. They were representing, in securing these properties, the Federal Steel interests, but their general attitude was broader than that. Of course the organization of the United States Steel Corporation was not possible except for the strength and influence of J. Pierpont Morgan; first, because it was necessary to have a financial concern of his strength and there was no other that was comparable to Mr. Morgan in that regard; and secondly, because the men connected with the various subsidiary companies, as they afterwards became, had confidence in J. P. Morgan and his firm and anything that he would finance or anything that he would become connected with or stand for made it certain that immediately the general public, including these gentlemen connected with the companies that I have referred to, would have confidence and did have confidence in the general enterprise. While the Federal Steel Company, or the Federal Steel men, were the ones who were desirous of accomplishing the organization and its result, and had charge of the business part of it and really controlled and decided the business questions that came up from time to time, yet they needed the financial strength and influence of J. P. Morgan in order to accomplish what was accomplished, and could not have succeeded otherwise. That was well understood.

I want to say that it was understood, at least by the Federal Steel interests, if not others, that J. P. Morgan & Company should have the right, and if necessary should advertise that they had the right, to formulate and put into effect a plan for the organization of the new company. I am inclined to think that is referred to in the circular. Will you allow me to refer to it?

Q. You may see the circulars, yes. (Handing papers.)

Mr. [illegible]: Of which date?

THE WITNESS: Of March 2nd.

By Mr. Lindabury:

Q. I hand you a copy. It is not the one marked, but it is a copy of it.

Mr. Colton: I object to that, not to his referring to it, but on the ground that that is after the syndicate was entered into; that the date of the syndicate was February 26, 1901, and that is March 2nd.

The Witness: I am very sure it was the understanding between the Federal Steel interests and J. P. Morgan & Company that the latter should have the right to formulate a plan for the organization and for the management of the United States Steel Corporation.

They had the right to determine how many members should be on the Board of Directors, what character of committees should be formed at the outset, and things like that. Yet, whether they advertised it or not, and I will tell you in a moment whether they did, they did act in that capacity, but never without first consulting the Federal Steel interests did they decide upon any plan as to the number of directors, as to who should go on the board of directors, as to the kinds and characters of committees, who should go on the committees, and so forth.

By Mr. Lindabury:

Q. And why was that power or authority given to them?

A. Because it was believed that would be agreeable to the representatives of the companies, and we thought that would add to the confidence which everyone might have in becoming connected with the Corporation. We used the great strength and influence and reputation of J. P. Morgan & Company so far as we possibly could, and J. P. Morgan & Company on the other hand were just as fair and fine and as generous as anyone possibly could be in taking pains to consult the Federal Steel interests before any question which might affect the business of the company was decided.

Now, will you allow me to refer to this? (After examining paper:) You will find what I referred to on the last page.

Q. You may read it.

A. (Reading):

"The forms of the new bonds and of the indentures securing the same, and of the certificates for the new preferred

and common shares, and the entire plan of organization and management of the United States Steel Corporation shall be determined by J. P. Morgan & Company."

Q. What you have read from is the circular of March 2nd, 1901, in evidence?

A. Yes.

Q. How soon after your conference with the Federal directors at the office of J. P. Morgan & Company on the day following the visit of Mr. Bacon to you with respect to which you have testified, were negotiations taken up with the owners of what afterwards became the subsidiary companies?

A. Almost immediately.

Q. And so far as the majority were concerned, when were they concluded?

A. They must have been concluded just before that circular letter of March 2nd was issued and published.

Q. Are you able to fix with any definiteness the date of that visit of Mr. Bacon to you on Sunday in connection with the date of the Schwab dinner, which was the 12th of December, 1900?

A. It must have been and was very soon after that, if the Schwab dinner was December 12th. I had the impression it was a little later than that.

Q. That date is definitely fixed.

A. Well, it was almost immediately after, because Mr. Bacon referred to that dinner particularly in the conversation on Sunday. In fact there was no doubt that Mr. Schwab's speech at that dinner had a deciding influence on the mind of Mr. Morgan in consenting to finance this proposition.

MR. COLTON: I object to that as a mere expression of opinion.

MR. LINDABURY: I understand, Mr. Colton, by your objections, that you are not meaning to act any longer on the arrangement of yesterday.

MR. COLTON: All right; I will not, for the day. I will make the objections as they come.

MR. LINDABURY: Yes. I only want to understand, because I would not want to agree that objections may be made now as we go along, and then may be added to afterwards.

MR. COLTON: All right. I will make them as we go along.

MR. LINDABURY: It is understood that you will make them as you go along.

MR. COLTON: When Judge Dickinson is here he may want to follow the other course.

MR. LINDABURY: Then we will take it up again; but the understanding that I had with Judge Dickinson on the subject yesterday does not hold today?

MR. COLTON: No; not today.

By MR. LINDABURY:

Q. How long was it before Mr. Schwab's speech that Mr. Morgan had last turned a deaf ear to your presentation of the subject?

A. It was some time before. I cannot say exactly. I have no way of fixing that date. It may have been about midsummer. You see there were two different times that Mr. Schwab spoke to me. Assuming that was the 12th of December, I should think the last time he spoke to me was within a month or so before that; and then the first time he spoke to me was a month or so before that. I remember the circumstances very distinctly, but I do not have anything to fix the exact dates, except I know what they are chronologically, in sequence.

Q. It was within a month of that time, or something like that, that you had last spoken to Mr. Morgan, as you testified yesterday. I do not care to go into the details of the question.

A. Yes.

Q. Now, Judge, to pass to a new subject. I will ask you with regard to the development of the business of the Steel Corporation at home and abroad: The Steel Corporation of course was only a holding company?

A. Yes.

Q. Did it or not exercise control by advice or otherwise over the subsidiaries, and direct their policies?

A. It did. The company was organized with a directorate of twenty-four members, with an executive committee which, while it was in existence, had general charge of the business affairs of the Corporation, and with a finance committee which at that time had general charge of the finances of the Corporation. The by-laws, if they have been introdu-

ced in evidence, will show exactly what the duties of the respective people were; but I will just say, in that connection, that some time after that the executive committee was abolished, and the finance committee then had all of the duties which before were divided between the executive committee and the finance committee. The board of directors has always been the supreme power, and the executive committee and finance committee, or later the finance committee, had all of the powers of the board of directors when it was not in session.

Q. Do you remember when the executive committee was abolished? The by-laws, I think, are not in evidence.

MR. COLTON: I put in a portion of the by-laws, but I did not put them all in.

By MR. LINDABURY:

Q. It is of no account. The Judge probably remembers the date, and that is the only thing I desire at present.

A. The Executive Committee was abolished about August, 1903; about the time Mr. Schwab resigned.

Q. Yes. And since that time the duties that had theretofore been performed by that committee and the finance committee have all devolved on the finance committee?

A. That is true.

Q. When was the position of Chairman of the Board of Directors created?

A. At the time the executive committee was abolished.

Q. And who was made the first chairman of the board?

A. I was.

Q. And you have held that position ever since?

A. I have.

Q. And the chairman of the board I think you have already testified, under the organization and by-laws is the chief executive officer of the Corporation?

A. The chairman of the board is, yes, but the chairman of the board and the chairman of the finance committee together have all the power of the finance committee and of the board of directors; and I occupy both positions. I also have the title of chief executive officer of the Corporation, in general charge of the affairs of the Corporation.

Q. And in speaking of this power possessed by the Chairman of the board and the finance committee you allude of

course to the periods when the board of directors and the finance committee are in recess?

A. Yes; certainly. The chairman is subject to the finance committee and the board of directors.

Q. Who formulates the policies of the company?

A. The finance committee.

Q. Subject to what supervision?

A. Subject to the board of directors.

Q. And have the policies of the company in fact been formulated and executed in that way?

A. They have.

Q. And with the approval of both bodies, if they are to be regarded as separate at all?

A. They have.

Q. What policy, if any policy in particular, has the Corporation pursued since its organization with regard to the sale of its products, as to prices and the treatment of its purchasers?

A. The United States Steel Corporation has favored stability of business as opposed to demoralization of business, so far as it could legitimately do so. An effort has been made to sell at lower prices as far as it could, and to reduce its prices if and when it could, and ought to do so, to a point where it was believed the prices were reasonable, and so considered by the consumers.

MR. COLTON: I object to so much of the answer as relates to what is considered by the consumers, on the ground that the witness can not have knowledge of that.

THE WITNESS: (Continuing) The United States Steel Corporation has endeavored, so far as it could, to prevent the unreasonable increase of prices. It has been a decided factor from time to time in keeping prices down to a level which was believed to be fair and just. Prices generally are controlled very much by the business conditions of the country. The ordinary laws of trade and supply and demand fix the general prices of commodities, but the Steel Corporation has endeavored to prevent sudden and violent fluctuations downward by its advice, but more particularly by its own action in fixing its prices, and has endeavored to prevent the unreasonable increase in prices at times when the demand was

greater than the supply, and there was a general disposition in the trade to take advantage of those conditions and unduly increase prices. Perhaps that answers your question. It is a big subject, with many branches.

By Mr. Lindabury:

Q. That will do for an answer. I will ask a few more questions. Why, from a business point of view, has the company thought it wise to pursue, and why has it pursued, this policy of endeavoring to keep prices steady and avoid extreme fluctuations? In other words, was that thought good business policy?

A. First of all, because that is in the interest of the employees of the company, and secondly, because it is in the interest of and is the wish of the customers of the company, and when I say the company, I am including all the subsidiary companies whose policies are influenced by the Steel Corporation, treating all of the companies as one.

Q. You are speaking of them now as one, for brevity?

A. Yes.

Q. Why, Judge, has it been thought to be in the interest of the employees of the company that prices of steel commodities should be reasonably steady and should not violently fluctuate up and down from time to time?

A. In times of great depression and demoralization the wages of the employees are necessarily decreased, and not only that, but many of the mills become idle and many of the employees are therefore idle. The steadiness of business which keeps the mills in operation affords an opportunity for the continuous employment of the laboring man and at fair and reasonable living wages, and in no other way can that be done, and never has been done.

Mr. Colton: I should like to enter an objection to that as purely argumentative and as a mere statement of opinion.

Mr. Lindabury: It is a statement of fact, why the company has pursued a certain course.

Mr. Colton: And contains a great many other statements.

The Witness: I did not mean to state that as an opinion; I meant to state it as a fact, Mr. Colton.

By MR. LINDABURY:

Q. Judge, that being the policy of the Corporation, induced in part for the reason that you have just stated, its effect upon the wage earners, how, in practice, have you found that theory to work in that respect?

A. Exactly as I have stated. It has enabled us to keep our mills running at times when otherwise we could not have kept them running, but more particularly it has enabled us to maintain our wages and to advance them from time to time. I may be mistaken, but I think only once since the Corporation was organized have we reduced wages.

Q. And how long were they in that state of reduction, if at all? Were they reduced for any considerable length of time?

A. I do not remember now; I have forgotten, but I do not think so.

Q. What period was it over which this reduction took place, if you recall?

A. I might make a mistake, but I think it was 1904.

Q. Following the depression?

A. Following the great depression of 1904.

Q. The extended depression of that time?

A. Yes; very great depression.

Q. Did you get through the panic of 1907 without having to reduce wages?

A. We did, although our competitors decreased theirs.

Q. And only in that one instance since the Corporation was organized, have you found it necessary, you say, to reduce wages?

A. Yes; that was my answer.

Q. Did you want to add something?

A. I do not think you gave me an opportunity to fully answer in regard to the other reason for our attitude in regard to maintaining, so far as we could, the stability of business. I do not mean by that the maintenance of prices. There is a very great difference between the maintenance of certain prices and the maintenance of stability of business, but that related to the effect upon our customers, our treatment of our customers and their requests to us. I do not know that you care to have that.

Q. I was going to frame a question so as to bring that out. Why was the policy of stable prices and business stability that you said the company adopted early and has pursued, adopted? That is, why was it adopted with reference to the business interests, particularly the interests of your customers? How was it thought to benefit those interests?

A. If you will excuse me I will say first we never have had stable prices; there is not any such thing as stable prices in the business and never has been; it has never been possible. Of course there may be some exceptions to that general rule at times, depending upon conditions and depending upon the thing sold and to whom sold and the lowness of the price. You can maintain a very low price, but stability of prices in the business is not a fact, and I would distinguish between that and stability of the business.

Q. It depends upon how you define stability. I did not mean an even, unchanged price.

A. I am not pretending to be critical or hypercritical, but I do not want to be put in the position of admitting that I have ever stood for the maintenance of what I call the stability of prices. I may be over-sensitive about it because of the criticisms made in the Government's bill, and I am willing to have the facts fully disclosed, and am anxious to have them fully disclosed, but I do not want our Corporation put in a false position.

Q. Why was the principle of stability in business and the avoidance of wide fluctuations in prices adopted as bearing on the business of your customers?

A. Well, there are many reasons and some of them I can think of and will mention. In the first place, the customers as a rule prefer that; it is for their interest.

Q. Then why? That is really my question. Why is it for their interest?

A. Let me give you just one illustration. Suppose a fabricator and erector of structural material is called upon to bid on a large building, and in putting in his bid he goes to the manufacturer of steel and gets prices; and within a week or two weeks his competitor in business goes to the manufacturer of steel and obtains another price that is materially

lower; the first bidder of course loses the business. He has not been treated like his neighbor. Suppose the erector of a large building erects that building, pays for it on the basis of certain prices, and within a comparatively short time another man desiring to erect another building, because of a wide and sudden fluctuation and demoralized condition of business secures prices very much lower, his building costs him very much less and he has that advantage over the other man. But those are only illustrations and perhaps very poor illustrations of an idea. The trouble ordinarily with the purchaser of our commodities is that he is obliged to stock up, so to speak, he has on hand large stocks of goods which he has purchased at a certain price, and many times he has purchased those goods by borrowing money at the banks. Now, if a wide and sudden fluctuation comes, the inventory value of his stock on hand is immediately decreased accordingly, and he has a very severe loss, and his bank calls upon him for the payment of his loan and he is unable to do it because he cannot dispose of that stock at a reasonable price, or at a price which will return him the money he had invested. So with people building all over the country, who have purchased stocks for those buildings, they have become involved and have become in debt and cannot afford these wide and sudden fluctuations and their building operations are demoralized. Just to refer to the panic of 1907, we had repeated letters and repeated calls from people we were selling goods to, who had stocks on hand and who were not in a financial condition to survive if the demoralization which was threatened should become actual, asking us, so far as we could, to try and steady the market in order to prevent demoralization, which would bring great loss upon them, and in many cases absolute ruin.

MR. COLTON: Just a moment. I waited until he got through, and as a rule I will follow that practice. I object to the answer as speculative, argumentative, and mere expression of opinion, and so far as it purports to state the contents of letters, as secondary.

THE WITNESS: Mr. Lindabury, it is just as much for the interest of the purchasers of our products to have a reasonable stability of business conditions as it is for the shipper over a railroad to have the same prices furnished to

him that are furnished to his neighbor, so that he may know all the time what he may depend upon. Anyhow, to sum it up, we know by actual experience that our customers desire the maintenance of reasonably stable conditions, so far as that is practicable—it is not always practicable, I am sorry to say; it is not always possible—in preference to wide, sudden, violent fluctuations and demoralization.

By Mr. Lindabury:

Q. Are steel products to any considerable extent sold for future delivery?

A. Not so very much.

Q. But to whatever extent they are, I suppose that adds an additional reason for stability of conditions, to what you have already given?

A. Yes. I do not think as a rule steel is sold for more than about sixty days' time; that is my impression.

Q. You have pretty well anticipated what I was next to ask, but still—

A. But do you not see, Mr. Lindabury, if a man comes to us and buys our goods on sixty days' time, and in order to pay us at the end of sixty days, goes to the bank and borrows money, and then after that, before he has disposed of his goods, there comes a wide and sudden fluctuation, he is left in a very bad condition.

Q. Now, having adopted this policy and having pursued it, what has been the effect of it or the result of it upon the steel business, beneficial or otherwise, so far as you could judge?

A. The effect of our policy has been to steady in a large measure business conditions, to prevent failures, to prevent demoralization, to protect our customers, and especially, to protect and promote the interests of our employees.

Q. Speaking of employees and of the reduction of wages in 1904, did the Corporation reduce wages until after it had passed its dividend on its common stock?

A. It did not. It passed the dividend first and reduced wages when it had to, and was the last to reduce. If you will look up the records, I think you will find that always in our acts we have followed our competitors in reducing

prices, when they got so very low, and followed them when we have increased prices, and followed them in decreasing the wages of our men and led them in increasing the wages of our men.

Q. And which did the company restore first,—dividends or wages?

A. Wages.

Q. What has been the policy of the Corporation with regard to its competitors; and how does that compare with the policy that obtained in earlier days, among the steel manufacturers? I know that is a big question, Judge.

A. We have treated our competitors as competitors. We have pushed our business and pushed it hard. Our competition has always been active and keen; and we have done business with our competitors in a business way; but we have treated our competitors as gentlemen ought to be treated. At least that has been our endeavor. We have been of benefit to them whenever we could. If we have been dishonest or tricky or mean in our treatment of our competitors, it has not been done with the consent or knowledge of those in control of the affairs of the Steel Corporation, its board of directors, its finance committee or its officers. We have tried to be frank and open with them. We have admitted them to our mills. We have given them our figures. We have frankly stated to them our business conditions in detail and in every way have tried to give them the benefit of our experience; so that I am justified in saying we have fostered competition.

It is not very becoming to me, perhaps, to speak of our good works, or to boast of our treatment of our competitors, and I perhaps ought to and would like to leave the determination of that question to our competitors themselves. I am not thoroughly familiar with the record in this case and do not know exactly what the testimony has been. I would be very much surprised, however, to find that any of our competitors in business have complained of our treatment of them, and should be very sorry if that were so.

On the other hand, in olden days, the rule in this country was different in this line of business. I have no doubt the suggestion of Mr. Carnegie which was read in court a few

days since when I was present represented not only his views but the views of his associates and the views generally held amongst those who were in charge of the iron and steel industry of this country. There was a competition that was bitter, fierce, destructive. If it did not absolutely drive competitors out of business, it so harassed and injured them as to prevent them from extending their business, or from taking advantage of their location, and at times compelled them to close their mills, discharge their employes and disrupt their organizations; and, in fact, was a competition that, in the opinion of those in charge of the United States Steel Corporation, I might say the opinion of those in control of the industry generally in this country at the present time, was calculated to destroy, to injure, instead of build up; to prevent extensions of trade, to limit the capacity or the opportunity of many who were engaged in the trade.

(By request of Mr. Colton the stenographer read the last portion of the witness' answer.)

THE WITNESS: I would like to change that answer by saying that what I stated as opinions were facts.

MR. COLTON: I object to the statement as based on an assumption not shown as to the effect of competition, in so far as it applies to companies existing prior to the formation of the Steel Corporation, in their efforts to extend their works, and in their extension of their works.

By MR. LINDABURY:

Q. You spoke yesterday, Judge, of some practice in the old days of selling in a particular locality at less than cost for the purpose of driving out a competitor. Did the Steel Corporation ever do that?

A. It has not.

Q. Has the Steel Corporation ever sought to obtain the customer of a competitor by secret rebates or departures from its open, published prices, or by sales lower than it was selling under other circumstances?

A. It has not.

By MR. COLTON:

Q. Are you speaking for the Steel Corporation or for the subsidiaries?

THE WITNESS: I am treating this as a whole. I said a few minutes ago in speaking of the Steel Corporation that I am including the subsidiary companies,—treating them with the Steel Corporation as one proposition.

(By request of Mr. Colton the last question and answer were repeated by the stenographer.)

MR. COLTON: I object on the ground that the witness is not shown to have knowledge of what the subsidiaries were doing.

THE WITNESS: I do not mean to be understood as saying that we never sold to any customer at a less price than we have sold to some other customer. I do not understand that is the question.

MR. LINDABURY: The question was as to whether you ever did that to get a customer away from a competitor.

THE WITNESS: That I answer in the negative.

By MR. LINDABURY:

Q. Judge, will you tell us generally the extent to which the economies you have spoken of as in contemplation when the Steel Corporation was formed, have been effected, and what the result has been in your business?

A. I answer that they have been. To realize the full effect of what was contemplated has required a great deal of time and patience, but we have been improving our conditions and our methods from the beginning. We have found by experience that the United States Steel Corporation and its organization, its management, constituted a good economic proposition, a good, reasonable and successful business enterprise. The opportunity to deliver the raw material and the semi-finished products to the best advantage and at the best points, the nearest and most economical points, has been of advantage and it saves a good deal of money. The opportunity to keep the finishing mills supplied so that their operations were not interrupted, and the opportunities of the finishing mills to secure their supplies so that they would not be interrupted; that is, so that neither the companies producing the raw materials nor the semi-finished materials should be interrupted in their productions and deliveries, or the fin-

ishing mills interrupted in securing their materials, have been of advantage.

The securing by the finishing mills at the nearest point, and the delivery of the raw material and semi-finished materials to the nearest point, resulted in great saving in transportation. The opportunities for delivering hot metal from the producing points to the mills where hot metal was finished has been a very great saving. The opportunity for saving the by-products of various materials has been developed and has increased, and has resulted in a good deal of saving. The opportunity, by comparisons of operations in one locality with operations in another locality, has allowed us to determine what the deficiencies were and what the efficiencies were at one point or another, and of course the best methods discovered in this way have been adopted. The question of parallel columns, as I would term it, which enables each man connected with a particular department to see at a glance how his results compare with the results of other people, immediately puts him upon inquiry and enables him to determine how best to improve his methods to secure best results. The personnel of the organization from one end to another has been improved by reason of the aggregation of men in the different lines of business, the opportunity to come together or to see on paper what can be done in order to improve the organization; that has been of decided benefit. Then the great study that has resulted by an aggregation of men represented in different departments by individuals has enabled us to improve methods and to invent new ways of producing at less cost. Then the discovery of and applying of new methods of producing, carrying, delivering and utilizing in the mills, has improved from time to time. The cash resources of the company have been of decided benefit. For instance, the money we have in banks, which can be utilized from time to time at one point or another, as necessities may require, enables us to get along with one-half the cash that these companies if separated would require for the carrying on of their business successfully.

Then there is another thing which I would mention in this connection that I consider most important. We have been enabled, by reason of our cash resources, to extend to

our laboring people great benefits of all sorts and descriptions, which your question did not include, and which I will not go into now except for the purpose of saying that the proposition to extend benefits to the working man includes not only the moral obligation to do that, but from an economic standpoint, from the standpoint of what it returns in cash to the employer, is very great. We have built up to some extent, to a large extent, a feeling amongst our employees that we have a disposition to regard and promote their interests, their welfare.

Q. Before you proceed further, I had better ask you now what would be my next question and have you develop this fully.

A. Let me finish this one point. I just want to say in that connection that that feeling has made our men more efficient and more determined and more willing to do everything they can to promote the pecuniary interests of the Corporation; that furnishes a return in dollars and cents and is of great economic value.

Q. You have answered partially but not fully. I think I had better put the question, and that is, whether or not you have been able to develop and increase the efficiency of your working men, and if so, how have you done it?

A. We have an organization and we have various committees that are calculated to assist and benefit the working men. We have a committee that looks particularly after the welfare of our men. That includes a great many different things, and the sanitary condition of the men, that is one of the important questions considered.

Q. In the mills or in their homes, or both?

A. Both in their homes and in the mills. The question of how to live, how to take care of themselves, what to drink, for instance, what kind of water, I mean particularly. It would be surprising to one who had not studied the question to learn how much prevention of disease there is amongst the workmen by the drinking of nothing but pure water and of a certain temperature during certain seasons of the year, that one thing alone. But the question of sanitation is a very broad one, a very extensive one, and it has been given great

consideration, and our men have become interested in it, and their families have become interested in it.

Q. And you have promoted efficiency that way?

A. We have promoted efficiency that way.

Q. You were going on to say something else?

A. One of the distressing things about a manufacturing business is the number of accidents in the mills. I am very glad to say those conditions have been very materially changed; the number of accidents and deaths has been very materially reduced by the installation at very great cost of devices and improvements calculated to prevent accidents, and also by continuous persistent efforts made by personal instructions, and by signs in the way of advice placed all about the mills, which are calculated to and do prevent the unnecessary exposure of the men, and in cases prevent their coming into contact with places or things or machinery which are dangerous. Now, I say we have expended very large sums in this direction and have secured splendid results, not only from a humanitarian view, but from an economic view. We have established hospitals and medical corps, described to some extent particularly at the last meeting of the Iron and Steel Institute, which is a matter of public knowledge now, showing how the surgeons, by immediate attention to an injured man or to a man who is stricken with disease restore him speedily to health or to good physical condition, so that the man is enabled to return to work at an early day and thus take his place in carrying on the great work of this great enterprise, or his part of it.

Q. What else have you done for your men that has tended to promote their contentment and efficiency?

A. Well, of course, we have established a bonus system, we have established a pension system; we have established a stock subscription plan; we have furnished parks and recreation grounds for them. If you can furnish a man recreation, something that pleases him and a place to go, and thereby keep him away from a saloon, from the standpoint of saving money to the mill you have done a great deal; and we are doing that and have done it all the time. We have co-operated with our men as we have with our customers and with our competitors.

Q. And has it paid in the case of your men?

A. And it has paid big in dollars and cents, as well as in great satisfaction to ourselves.

Q. And has it paid in respect to your customers and your competitors, too?

A. It has.

Q. How much have you spent? Can you give us any figures whatever?

A. I would like to refresh my recollection again by the figures a little later, and I would like to—you can use your best judgment about this—our bonus plans and our voluntary relief plans and our pension plans, and so forth, are printed and speak for themselves as to what they are. We have this voluntary relief plan. We furnish pecuniary relief to a man who is injured, or to the family of a man who is killed, whether it is our fault or not, whether we have any legal liability or not; it makes no difference to us. We put that in force long since.

Q. You call it voluntary accident relief, I think?

A. Voluntary accident relief.

Q. And is it furnished to all the men without favoritism, equally?

A. It is. It has been a very great benefit to them and more than a corresponding benefit to ourselves, I have no doubt. I am not trying to say that we have done these things because we are better than other people, although I think the humanitarian standpoint or reason is good enough for anyone to put them in effect; but from the standpoint of dollars and cents, it has been an advantage. Our financial strength brought about by this integration of these companies and the great expansion of our business and the expansion particularly of our foreign trade, has enabled us to make these large expenditures and put them into practical effect and secure the results. It may not be that our decrease in prices or decreases in cost of production have been as great as they might have been under some circumstances, because of these large expenditures which we have made, but I think notwithstanding our large increases in freight rates, our large increases in the amount of money paid to our employees and the large advances in prices of things that we have bought,

we have been able to keep our cost of production down to what it used to be, and perhaps in many cases have reduced it; and I believe the tendency of our selling prices has been downward, and that we are selling at the present time at less prices than we were when the Corporation was organized.

MR. COLTON: I object to the statement that the cost of production is less than it used to be on the ground that it is indefinite. The term "used to be" is indefinite as to time, and as to the belief as to the tendency of prices it is a mere expression of opinion.

THE WITNESS: You may strike out the word belief and make that positive, Mr. Colton.

By MR. LINDABURY:

Q. You know what the tendency or trend has been?

A. Yes, I know.

Q. And it has been as you state?

A. It has been as I state.

MR. COLTON: I object to the time when the tendency began not being specified.

By MR. LINDABURY:

Q. What period do you intend to cover by your statement?

A. From the time the Corporation was organized down to the time the bill was filed, and from that on down to the present time.

Q. Has there been any improvement since the Corporation was formed in the character of your finished product?

A. Yes, there has been.

Q. Any one in particular that you would like to mention?

A. Well, in the quality of finished steel generally and particularly in rails and many others.

Q. All finished steel has improved in quality?

A. All finished steel, yes; and our methods are better.

Q. Has this improvement increased cost; that is, does it cost more to make steel of the quality that is made today, particularly that used in rails, than it would if they were made of the old quality?

A. It does.

Q. So that part of the expense of making rails today is

occasioned by the increase in cost due to the increased utility of the article, to the betterment of it?

A. Yes, due to the methods pursued to make it better.

Q. And has this improvement in the quality of steel any important bearing on the safety of travel and of buildings in which it is used?

A. Very much.

Q. It tends towards its strength I suppose?

A. Yes, its wearing quality and strength and toughness.

(Thereupon a recess was taken until 2 o'clock p. m.)

AFTER RECESS

ELBERT H. GARY

the witness under examination at the taking of recess, resumed the stand.

DIRECT EXAMINATION (Continued).

By Mr. Lindabury:

Q. Judge, before the noon recess you were asked by Mr. Colton to give the letters or dates of the letters of Mr. Carnegie which you referred to earlier in your testimony. Are you able to do it now?

A. Well, I referred to statements of Mr. Carnegie in different letters. One is found on page 1180, Volume III of Government Exhibits, in which he stated: "We will observe an 'armed neutrality' as long as it is made to our interest to do so, but that we require this arrangement:—then specify what is advantageous for us, very advantageous, more advantageous than existed before the combination, and he will get it. If they decline to give us what we want, then there must be no bluff. We must accept the situation and prove that if it is fight they want, here we are 'always ready.'"

Then again on page 1880 of Volume VI of Government Exhibits:

"In the former depressions we announced our policy, viz:

take all the orders going and run full. Our competitors believed we meant what we said and this no doubt operated to clear the field. One after the other dropped out; finally Pennsylvania Steel dropped out and only a few remained who could meet the lowest prices."

Q. That letter is dated what?

A. June 20, 1900.

Q. And the letter you first read is dated what?

A. December 30, 1898. And then I think there was—

MR. COLTON: Here is another one you have in mind, I think (handing book).

THE WITNESS: Another on page 1284 of Volume III, Government Exhibits, dated September 28, 1899:

"My view is that sooner or later Harrisburg, Sparrow's Point and Scranton will cease to make rails, like Bethlehem. The autumn of last year seemed as good a time to force them out of the business as any other. It did not prove so. The boom came and cost us a great deal of money."

By MR. LINDABURY:

Q. And there are still others?

A. There are others. Those policies we have never believed in, nor advocated.

Q. Nor followed?

A. Nor followed. We have never believed in or pursued a policy of destructive competition, that is, of keeping our mills running full even if we had to drive all of our competitors into bankruptcy to do it.

Q. With regard to your organization, the plan of which according to the circular you read this morning, was to be formulated and I suppose was formulated, by J. P. Morgan & Company; how did that operate?

A. The plan was formed by them but submitted to the Federal Steel people and assented to by them. It operated pretty well. It was not as successful at the start as it became afterwards. We brought together a great many different companies with a great many different organizations, and opinions were more or less diverse. It required a great deal of patience and some time to thoroughly organize these different forces and to overcome and change some of the policies

which had been pursued by some of the companies previous to that time. And then I might add, for a large portion of that time, as Mr. Schwab has stated, he was ill and was away from New York; I think he testified, for a year at a time; and we were deprived of his ability and his judgment and influence, and particularly his influence with the Carnegie forces. Perhaps as he has testified, if he had been here we would not have agreed upon some questions, referring now particularly to the statements made by him upon the stand. We had an executive committee made up of very able men; Mr. Roberts, representing the Bridge Company before it was taken over as its president, Mr. E. C. Converse, president of the National Tube Company; Mr. Daniel G. Reid, president of the American Tin Plate Company; I think he was president at the time it was taken over, if not, he was practically, I should say, the dominant factor; Mr. William Edenborn, who had been president of the American Steel & Wire Company, or if he was not president he was an important factor and had been president of the Consolidated Steel & Wire Company in previous years. And this executive committee, as I have said, was intended to have charge of the business affairs of the Corporation. In other words, the president, who was in charge of operations, was particularly subject to the executive committee. Mr. Schwab, who was at the beginning, by virtue of his office, chairman of the board of directors—I will not say chairman of the board of directors as there was not any such office, but presiding officer at least, had the right to preside at the directors' meetings and did, and was a very able and aggressive force, thoroughly committed to the policies of the Carnegie Company; while Mr. Roberts, I will say, and perhaps I might include myself, had somewhat different notions in regard to these matters, and all in all, the executive committee was not a practical success, I would say, although any man on the executive committee was able and qualified to fill any position anywhere.

The finance committee, as I perhaps stated, was made up of the very ablest men, and by reason of the fact that they and they alone could approve expenditures, they acted more or less as a check upon the action of the executive committee. I was chairman of the executive committee, and ex-officio

a member of the finance committee. Mr. Schwab was president and ex-officio a member of the finance committee, and sometimes in going from one committee to another he might have one opinion and I might have another, but I refer to them only as obstacles to prevent the immediate and perfect success of the organization at the start. Then there were expressions made, sometimes by one member or another of the committee concerning labor and concerning the way to deal with or towards competitors, which some of us did not approve, and it took time and patience to overcome those obstacles. As I have said, Mr. Schwab was unable to continue, and finally resigned, on account of his illness, I will say, and then we had to get another president. Mr. Schwab recommended the election of Mr. Corey, who was president of the Carnegie Steel Company, to take his place. We agreed upon that.

The executive committee never kept minutes of its proceedings, although, as a formal matter, the board of directors I think was in the habit of approving the minutes of the executive committee, and that was for the purpose of approving the action of the executive committee which, so far as expenditures were concerned, had to be approved by the finance committee, and also because there was a sort of record kept of the conversations and action of the executive committee by a young man, who was not a thoroughly competent stenographer, and put down, or attempted to put down the substance of what was stated, which amounted to his expression or idea of what had been said. The finance committee I think kept minutes from the beginning, and those minutes were read and approved, as was not the case before the executive committee. The executive committee never had its minutes read or considered or approved or acted upon, as I remember, and I think I am right about that.

Now, these conditions began to grow better. Mr. Schwab resigned, and Mr. Corey was elected president, and then the office of chairman of the board was created and I was elected to that position, and the chairman of the board and the chairman of the finance committee together had the power of the finance committee when it was not in session. Then at a later date I became chairman of the finance committee also, and as time went by and we became better acquainted, the officers

of the subsidiary companies, their assistants or associates, became better acquainted with the officials of the Steel Corporation and with the desires and policies adopted by the United States Steel Corporation, and had an opportunity to study and to realize the benefit to the Corporation and everybody else that would result from those policies, they came naturally into harmony with them and so for a good many years, going back certainly for eight or nine years, I would say there has been the very best harmony and the organization has improved and has been strengthened, and has worked to better advantage, and has been really ideal, so that from my present standpoint, looking back, I can say that while we had more or less difficulty at first, the administration has become and is very successful, and everything is very satisfactory except for the fact that the Government does not seem to think that we have done as much or as little as we ought, whichever it is.

MR. COLTON: Possibly both.

THE WITNESS: Possibly both. Of course I must admit that we have made mistakes from time to time of various sorts, and our subordinates sometimes have done things that we would rather they would not have done, that we would not have approved or would not have authorized. I think for a good many years their management has been fair and good.

By MR. LINDABURY:

Q. How in practice has the Steel Corporation put its policies into effect?

A. Well, in different ways. Frequently there have been direct recommendations. For instance, I will give you a concrete illustration. Many years ago, I have forgotten the date, I brought before the finance committee for consideration the question of railroad rates and rebates. I might say in that connection that many of the questions which have been considered and concerning which we have settled down to a policy, have been the result of a natural evolution in trade. Many of our people had different notions twelve years ago from what they have at the present time, and that applies with greater or less force to all of us. Public discussions of questions, the attitude of the President of the United

States, discussions in Congress and in the newspapers and magazines have all had their effect upon us all. It has never been our policy or our practice to ignore or disregard or defy public sentiment, and I will digress from what I was going to say enough to mention that I remember distinctly after our first or second annual report was made and distributed one of our officials came to me with a newspaper in his hand which criticised the report. This official showed me where the newspaper was wrong in claiming that we had omitted from the report something that the writer of the article claimed was important, and rather seriously criticised us for that omission, and this official showed me that in another place that very item was included but it had been overlooked, and the official said, "I have written an answer to that. I am going to show the newspaper how unjust this is, and how unfair", and while he was talking to me I took his article and tore it up and threw it into the waste basket, and he said to me, "I would like to know why you did that." I said, "Because it is so easy to put that in your next report at the place where the newspaper suggested it."

That is simply an illustration of how we have treated these matters as a rule, when it was only a reasonable suggestion by a newspaper.

Now, coming back to what I was going to say. Many years ago, for some reason, I do not know what, some of us were afraid that some of our subordinates might be tempted to accept rebates if offered by any railroad desiring business. Of course that was many, many years ago. I brought the matter before the finance committee, who agreed with the suggestion that we should make it absolutely certain that it would be impossible, and I remember dictating a letter, as I often did, in which I requested the president to send it to the presidents of all the principal roads with whom we were doing business, stating in substance that under no circumstances would any of our people be allowed to accept any rebates, and if they were ever asked, to report to us, and if we ever discovered that any were paid, we would take pains to see that it was not repeated, and then sent copies of those letters to the presidents of our subsidiary companies. That was one way of taking up the question of policy and of an-

nouncements to the officials of the subsidiary companies as to what that policy was.

We had presidents' meetings frequently, generally pretty regularly, and at those meetings I was usually present; the president of the company was always present, and generally most of the officials, if not all of the officials of the Corporation were present, and questions of policy would then come up and be considered. They would come up by the suggestion of one or another, and on those occasions the policy of the Corporation would be stated to the presidents. If anything needed correcting, that would be stated. If we had reason to suppose they were doing anything that ought not to be done, we would endeavor to correct that. In the earlier years we did not always find out exactly what was being done, but that is a thing of the long past.

Then from time to time interviews would be given to the public press concerning some of the important questions, and in those interviews we would state our policy concerning the question that was being considered. The last year or so, in fact, since the Stanley Committee met, I am sorry to say I have felt it rather unwise to give interviews to the newspapers; I did not think it was very becoming for us to say much about ourselves; but I used to be quite frank and quite willing to give the newspapers all the information I could about our affairs, and in that way the policies would be announced.

Q. Judge, my question was not clear, and you misapprehended it. I did not mean to ask how your policies were made known or published, but how they were enforced by you upon your subsidiaries, how you procured——

A. The method of doing the business?

Q. Yes; how you procured the observation of your policies, or the carrying of them out with your subsidiaries; yes, the method of doing business.

A. A question might originate in a subsidiary company or it might originate in the United States Steel Corporation. If a policy had been determined which any one connected with a subsidiary company though ought to be reconsidered, if not changed, that would be reported to his superior officer and would come from the president of the subsidiary com-

pany to the president of the United States Steel Corporation, if it was a question of operation, and by him submitted to the chairman of the board and then submitted to the finance committee for consideration, and after being determined by that committee, the determination of that committee would be reported to the president of the subsidiary company. That was the method of pursuing business with respect to appropriations and all important questions that might come up. The accounting department, the treasury department, the secretary's office and the legal department have always been under the direct supervision and control of the finance committee or its chairman or the chairman of the board, but the operating questions come from the subsidiary companies to the president in the way I have suggested.

Q. And were questions of the purchase of raw material and the prices for the finished product fixed sometimes or generally by the finance committee?

A. Yes; sometimes; largely, I will say. Particularly if there was any radical change, since the finance committee became the only committee.

Q. Such as the price of rails or other finished products?

A. Yes.

Q. And in what form was its determination indicated to the subsidiaries?

A. Either by stating it to the presidents at a presidents' meeting, or writing to the presidents.

Q. And what form did those communications take? I think we have some of them on the minutes.

A. Well, we recommended them to do certain things or not to do certain things.

Q. That was the form used?

A. Yes. Of course that recommendation was equivalent to a positive instruction.

Q. I understand, but that was the form taken?

A. Yes.

Q. Were you in these ways kept in pretty close touch with the general business of the subsidiaries?

A. I was, necessarily. I have always been, necesarily. In later years not so much in regard to what I would call the smaller details of operation, and certainly not with reference

to the details of manufacturing, but in a general way of course I was, because all of the important things involve the expenditure of money or the determination of a policy, and those come from the president directly to me. The principal questions, the large questions, relating to all the corporations, have focussed in my office for a great many years, and it was necessary for me to know a great deal about their affairs, and I think I have known generally.

Q. Are you able to say, then, whether or not these policies thus adopted and formulated by the Steel Corporation have been as a rule carried out by its subsidiaries?

A. They have as a rule, particularly the last eight or nine years, I would say, and generally before that.

Q. What has been the effect upon the steel industry, so far as you have observed or could judge, of the adoption and execution of those policies? Has it restrained trade, suppressed competition, or operated towards the acquirement of a monopoly?

Mr. Colton: I object to any answer on the ground that it involves a mixed question of law and fact, and is incompetent, irrelevant and immaterial, and calling for a mere opinion.

The Witness: Quite the contrary. These policies have tended to develop trade, to extend trade, to increase trade, to foster competiton, to prevent monopoly, to prevent wrong and imposition of any kind.

I want to say with emphasis, because it seems to me it is involved in this case and that we are called upon to say it as a matter of fact, that the policy of this Corporation has been to so manage and conduct its affairs as to make it certain it did no wrong or injury to any person or any other interest. It has seemed to us that that was the important thing to consider in the management of a great corporation like this, which has been a quasi public corporation.

It has been our policy, and we have been endeavoring to be of real substantial benefit and assistance in promoting the interests of everyone who was connected with our Corporation or who in any other way was interested in it. It is true we have represented the stockholders of the Corpor-

ation and have endeavored to protect their interests and to earn and distribute dividends, but we have acted on the assumption that we were best serving those stockholders, the peculiar interests of those stockholders, if we were so managing the Corporation as not to harm anyone, and so as to be of real substantial benefit to everyone, whether an employe or competitor or consumer or the general public. And we have endeavored to set and I believe have set a good example in the business world.

Now, if that seems boasting, I ask the pardon of everybody.

By Mr. Lindabury:

Q. Has the number of your competitors diminished since the Steel Corporation was formed?

A. They have not. They have increased.

Q. Largely or otherwise?

A. Largely. New companies have been built up and thrived and become very large and prosperous; old companies have extended their properties and very greatly increased their capacities; competition was never before so healthy and strong and vigorous and successful as it has been in this country for the last good many years. I am speaking, of course, of our lines of industry.

Q. What of the old companies have increased their production? Can you name any of them?

A. All of them, yes. Jones & Laughlin for instance.

Q. How much?

A. I will not give you the figures. I presume they have been on the stand.

Mr. Colton: The exact figures have been given, yes.

The Witness: Yes. Very large. The Cambria Steel Company, Pennsylvania Steel, Maryland Steel, Republic Iron & Steel, and Youngstown. I do not know whether it was started before or not, but if it was not, it was started soon after and has become a very strong, vigorous company.

By Mr. Lindabury:

Q. That is Mr. Campbell's company?

A. Yes.

Q. He started with $500,000 and is up to $25,000,000 now, and started a year or two after you did?

A. Yes.

Q. Is that about as you have observed it?

A. I should think so. Take the Inland Steel——

Q. That is a new one, is it not?

A. That is an important company in the Chicago district. That started at about the same time, or soon after.

Q. Is it a large company now?

A. Very strong, vigorous and successful, and has been extending from time to time and is a very lively competitor.

Q. What does it make, a general line of steel products?

A. It makes a number of things, structural steel and various other things; it makes iron and semi-finished steel and finished steel and is growing vigorously.

MR. COLTON: I object to the Inland Steel Company on the ground that it is not stated whether that increase occurred since the filing of the Government's bill, or not.

THE WITNESS: It increased before and after in about the same proportion. So far as I know, the Government's suit has not affected these people very much. It has made us a little more timid, perhaps.

MR. LINDABURY: You do not want me to ask whether the Government's suit has promoted the steel industry, do you?

MR. COLTON: I understand competition is more healthy now than it ever has been before.

MR. LINDABURY: That was before the suit was started. The answer speaks as of that time.

THE WITNESS: My answer was that for the last good many years it has been.

Q. Has the production of those competitors increased?

A. It has; I jotted down some figures.

Q. Before you turn to that, has the Steel Corporation's product increased also?

A. It has.

Q. Has the percentage of the increase of the one exceeded that of the other?

A. Yes, the production of our competitors' has increased more than ours.

Q. What figures have you now?

Mr. Colton: Just a moment, before he consults those figures. Will you bring out where they were taken from and how they were made up?

The Witness: These are my own figures, and you will see they are very crude when I show them to you.

Mr. Lindabury: We will see what they are. I am not meaning to go into figures to any extent.

The Witness: I am not going to give exact figures. I am not able to carry them in my mind, but I know pretty generally about these things.

By Mr. Lindabury:

Q. This is a memorandum which you have made to aid you to testify?

A. Yes. You can see that if you wish the figures. I had occasion to testify before the Stanley Committee, and before a Senatorial Committee afterwards, and before other committees, and I have had occasion to discuss these questions with our own people and with our competitors from time to time, and to read the figures more or less in Swank's productions. I have tried to keep posted as to the general conditions of trade, and of course if my figures are essentially wrong you can show they are wrong.

Mr. Colton: Go ahead. I will object to it afterwards.

Mr. Lindabury: Whatever they are.

The Witness: I think my figures are not over-stated in our favor; perhaps understated. For instance, when we were organized the rail capacity of our companies was about sixty per cent of the total, and it is now about fifty-six per cent of the total.

Q. Does that include all kinds of rails, or only what are known as standard?

A. All kinds of rails, and of course including export business.

Q. I understand that. I was wondering if it included girder rails which generally the witnesses separate, that is all.

A. I do not think I would include girder rails. However, it is not more than that; taking into account the small quan-

tity of girder rails we make, our percentage is not larger than that with the girder rails included; I will put it that way. This question of reducing or increasing the comparative or relative capacity is not a uniform proposition. We finished the Gary mill, as you know, a comparatively short time ago, for the manufacture of open hearth steel rails exclusively. That was a business that had come in and was growing, and the demand was increasing all the time, and that is a very large mill, and just at this particular time, perhaps, there is a little larger percentage in proportion than it would otherwise have been to some of the other things.

Q. You are giving the figures as of 1901 and 1913?

A. 1911. Rods: When we started we had about seventy-seven per cent, and in 1911 about sixty-five per cent. These rods of course are made up into different things, a good many different things, and with respect to the finer things that they are made into, the competition is very much different, but I have given the most unfavorable figures, the most unfavorable basis. We use the larger portion of these rods to manufacture into finer products, and sell some to others who manufacture products in competition with us, and of course a large proportion of the export business is included.

Q. Are you speaking of wire rods?

A. Wire rods.

Q. Then as I understand you, this production of wire rods is largely used by your finishing mills?

A. Yes.

Q. Not sold on the market?

A. No. We sell some rods, a few rods, to those who come into competition with us on finished products.

Q. But the percentage of rods that you sell you have not got?

A. No, I haven't got that. Heavy structural material: In 1901 we did about sixty-two per cent. Now we have forty-seven. That would leave our competitors with fifty-three as against thirty-eight during these same periods.

Q. Do you export any of that?

A. We do.

Q. A good deal of it, I believe?

A. A good deal of it.

Q. And do you use some of it in your finishing fabricating mills?

A. We do, a good deal of it.

Q. So that that does not indicate your percentage of what you actually sell?

A. No. Plates and sheets: We had in 1901 about sixty-five per cent and now we have about forty-six, leaving our competitors about fifty-four.

Q. Do you use any of that up in your finishing mills?

A. We do.

Q. And export some?

A. We do export a good deal. Merchant bars: We have twenty-one per cent now and our competitors seventy-nine. I have never had the figures, and I do not think they are reported as to what they were in 1901. Tin Plate: We started in 1901 with about seventy-three per cent and now that is down to about sixty-one per cent, leaving our competitors about thirty-nine. Tubes, welded: We started with about fifty-seven per cent, and that has gone down to now, or in 1911—I am confining my date now to 1911—to about fifty-three per cent. Of the grand total of wire steel rolled products we had about fifty per cent in 1901 and now have about forty-six per cent. The Wire Company makes steel and finishes it into steel products that are not in competition with any other product; no one else has ever made it. I have not the exact figures, but to that extent it would reduce. Of course these are only general figures.

MR. COLTON: They are Swank's statistics, are they not, practically?

THE WITNESS: No, they are not accurate, but they are about what the statistics are, yes. I am perfectly willing you should see this now any time you want.

MR. COLTON: No; I do not care. I object, in so far as it relates to a period subsequent to the filing of the bill.

THE WITNESS: It does not relate to a period subsequent.

MR. COLTON: It refers to the whole of 1911.

THE WITNESS: Yes.

MR. COLTON: Then I object to any period subsequent to the filing of the bill.

By MR. LINDABURY:

Q. Do these figures deal with the capacity or production of the mill?

A. Production.

Q. And they do not deal with the market? That is, they do not show percentages of what has been sold on the market by the Steel Corporation?

A. No.

Q. They include, I take it, that part of the production which was shipped abroad?

A. Yes.

Q. Do you happen to know how much that has gotten to be in percentage of output, or haven't you those figures?

A. No, I could not say.

Q. Someone else can give them?

A. Someone else can give those. It is large. I know about how our export business has increased in tonnages and money.

Q. Will you tell us about that, how the export has increased, as you stated?

A. In 1902 we exported about 275,000 tons and received f. o. b. mill about $13,000,000. In 1903, about 350,000 tons and received about $15,000,000. In 1904 about 1,000,000 tons exported, and we received about $27,000,000. 1904 was a big year. Business was very dull here. There was a great slump here and we sold abroad a good many things perhaps that we ordinarily would not sell, and that is why it jumped up; and that year, besides, the Export Company was organized, as I remember.

In 1905, 929,000 tons, and we received $28,000,000 about; I am giving approximate figures. In 1906, 1,050,000 tons, and we received $36,000,000. In 1907, 985,000 tons and received $42,500,000. In 1908, 775,000 tons and received about $30,000,000. In 1909, 986,000 tons and received about $35,000,000. In 1910 we exported about 1,200,000 and received about $44,000,000. In 1911 we exported about 1,700,000 tons and received about $61,000,000. In 1912 we exported about 2,225,000 tons and received about $76,000,000.

MR. COLTON: I ask the right to cross examine as to the

way this memorandum was made up, or reserve the right of cross examination later, either one, just as you like.

MR. LINDABURY: You had better reserve it, because any examination of that kind must precede the testimony. He used that as a mere memorandum. That is not going to be offered in evidence.

MR. COLTON: I know, but he used this to testify, and of course I want to make an objection to his testifying from this unless he prepared it and knows how it was made up, and that it is his own figures.

MR. LINDABURY: You can make any objection you choose, of course.

MR. COLTON: I object on the ground that the witness is reading from a memorandum which has not been shown to have been prepared by him, and I object further on the ground that the comparison is made with 1902, increase of exports, instead of 1900, which would be the proper year to begin the comparison, in which year the exports of the subsidiaries of the Corporation were very much greater than they were following the formation of the Corporation, and on the further ground that it covers a period subsequent to the filing of the bill.

MR. LINDABURY: If counsel means by his objection that there is anything in the evidence in this cause which shows what he states, I should be obliged if he would give us a reference to it. We do not understand that there is anything in the evidence of the kind he mentions, or that what he states is the fact.

MR. COLTON: I will give you a reference to part of it. Partly the Carnegie minutes, and the rest, Swank's statistics for the year 1902, showing the total exports of the leading steel products in this country to be in 1900 1,154,000 tons, in round numbers.

THE WITNESS: That is the total exports of the country?

MR. COLTON: The total exports of the leading iron and steel products.

THE WITNESS: Of the country, not of our Corporation?

MR. COLTON: Yes.

MR. LINDABURY: That is the basis of your statement, is it?

MR. COLTON: Also the Carnegie minutes and Mr. Farrell's testimony.

MR. LINDABURY: You do not know what part of Mr. Farrell's testimony? We are aware of no part of the testimony of Mr. Farrell that supports your statement.

THE WITNESS: It is only fair to say that if in substance Mr. Farrell's testimony is different from mine, he is probably right and I am probably wrong. I have refreshed my recollection from a memorandum I had made up, and the figures are my own, and I believe they are substantially correct.

By MR. LINDABURY:

Q. Do you happen to have the figures for the year 1900, Judge?

A. No, I have not got them; I do not know, I do not remember.

Q. And what year did you give?

A. 1902.

Q. Have you the figures for 1901?

A. No, I have not. I do not know; I do not remember if I have ever known those years.

Q. What basis have you for the statement that the 1911 production of welded tubes by the Steel Corporation was fifty-three per cent of the total?

A. That is my recollection, that it is about that.

Q. It is a mere matter of recollection?

A. It is a mere matter of recollection. I might be mistaken.

Q. Would you be surprised to learn it was thirty-six per cent?

MR. COLTON: I object to that question as leading.

MR. LINDABURY: I will withdraw it; never mind.

THE WITNESS: I may be mistaken. My recollection is we had over fifty per cent of the welded tubes in 1902.

By MR. LINDABURY:

Q. No, this is 1911 I am asking you about.

A. About thirty-seven per cent.

Q. You gave it as fifty-three per cent in your testimony.

A. No, I think not. I think you are mistaken. In 1901—I have not given 1902—you are speaking now of the comparative percentage?

Q. Yes.

A. I gave it as about fifty-seven per cent welded tubes in 1901, and in 1911 about thirty-seven per cent.

Q. Your figures, as I have them, were fifty-seven per cent in 1901 and fifty-three per cent in 1911.

A. No, leaving sixty-three per cent in 1911 to our competitors, is what I think I said.

Q. You intended to say thirty-six, did you say?

A. I think about thirty-seven. Of course it might be thirty-six, but I think it is about thirty-seven.

Q. Mr. Halstead says you said fifty-three. Thirty-seven was the figure you meant to give?

A. I meant to give thirty-seven per cent in 1911.

Q. You gave the prices realized from exports?

A. Not the prices, but the amount of money received.

Q. F. O. B. mill prices or invoice?

A. That was F. O. B. mill.

Q. Which, of course, is something less than the invoice, is it not?

A. Yes. I gave that amount of money to show—I have not figured it and I do not know what the result is, really—but to show whether or not, in proportion to the tonnages shipped from time to time we had received more money. My general recollection is that as a rule we have been exporting a little different class of material at times, and receiving a little better prices, and so forth; still the figures speak for themselves.

Q. To what extent have the plants or properties acquired by the Steel Corporation been dismantled and what was the occasion therefor?

A. Well, we have dismantled some plants simply because the locations were poor or the plants had become obsolete, and it was necessary to build a new plant at that place or some other place, and if there was another place that was more advantageous, we would select the other place. We have dismantled a good many plants or some plants and rebuilt them and built entirely new plants. Take the National

Tube Company at McKeesport, for instance. I suppose we have spent fifteen or twenty million dollars there building a new plant on the site of the old.

Q. Have any plants ever been purchased by the Steel Corporation simply to be dismantled?

A. They have not.

Q. Have any of them been dismantled except where, upon operation or attempted operation, it has been proved to be disadvantageous or uneconomical to continue them?

A. No.

Q. When was the Shelby Steel Tube Company purchased?

MR. COLTON: It is in the record as August, 1901.

By MR. LINDABURY:

Q. August, 1901, Judge?

A. Well, yes.

Q. Did you have to do with that?

A. I did.

Q. Where is its plant located?

A. At—I have even forgotten that at the present time. There were several plants.

Q. What was its business?

A. The manufacture of seamless tubes.

Q. Why was that purchased?

A. We purchased it to get into the seamless tube business.

Q. Was the plant purchased, or the stock of the Shelby Company, do you remember?

A. I think we purchased the stock of the company. The National Tube Company had been trying to get into the seamless tube business, and was in it to a slight extent, but not successfully. The Shelby Tube Company was offered to us a good many times. The company was in rather straitened circumstances: at least it was so represented to me by some of the owners and officers of that company, and there were several interviews before we decided to buy it. They had a patent that was considered good and valuable, and I know Mr. Roberts was impressed with that patent, and we believed that we could purchase the plant and improve it and utilize that patent and get fair returns on it, and as I say, we were

urged to buy it and did buy it, and got into the seamless tube business in that way.

Q. Do you know whether this seamless tube business was new or old?

A. It was practically new; there were welded tubes and seamless tubes.

Q. The older process was known as the welding process?

A. Yes.

Q. Had the Steel Corporation subsidiaries made any attempts before this to make seamless tubes under other processes?

A. Yes; the National Tube had, but had not been successful.

Q. Do you remember how many different processes or patents it had tried?

A. No. I heard of two or three anyway.

Q. And it had not gotten on well?

A. No.

Q. Or satisfactorily?

A. The last one they purchased they thought at first was a pretty good patent, but it did not turn out to be very practical or successful.

Q. Do you remember the name of that last one?

A. No; I do not.

Q. After they had exhausted the ones that they had tried out, were there any others in the market or in operation that were notable or well known, do you remember?

MR. COLTON: Just a moment. I do not think, Mr. Lindabury, that you quite correctly summarize his testimony in speaking of their having exhausted them. His testimony was that they had some seamless tube capacity before. I object to the question as an improper summary of his testimony.

MR. LINDABURY: I will withdraw the question.

By MR. LINDABURY:

Q. After the National Tube had made its experiments with the different processes that you mentioned, resulting as you have stated, were there any other well-known or ap-

parently successful processes in the country except the Shelby?

A. I do not think there were. My recollection is there were only about 30,000 tons or something like that of seamless tubes made at that time per year. Our percentage now is very much less than the percentage of our competitors, I think, in seamless tubes.

Q. But at that time the amount of seamless tubes sold was small?

A. Was small, yes.

Q. Did you utilize the Shelby plant, after the purchase, to make seamless tubes?

A. We did.

Q. And have been making them under that process ever since.

A. Yes.

Q. You did not close down that plant?

A. We did not.

Q. Do you know whether you have operated under either of the old processes you had tried?

A. We have not, to my knowledge, no.

Q. Have other concerns been making seamless tubes since?

A. Yes sir.

Q. And under some other processes?

A. Yes sir.

Q. Do you happen to know what percentage of seamless—

A. Of course at that particular time if we could have done so we would undoubtedly have bought this patent in question and built a plant of our own, but we could not buy the patent without buying this plant, and as I say, these people were pressed for money and very anxious to sell, and we bought their plant and improved it and utilized it. It seems to me their principal plant is at Ellwood. Am I mistaken about that?

Q. Indiana?

A. Ellwood, Pennsylvania.

MR. COLTON: The Standard has one there, and I think the Shelby, both.

THE WITNESS: Quite likely. If I am not mistaken, the

reason I think so is we have made large expenditures at Elwood during the last few years, and as I remember that was for the manufacture of seamless tubes. I was trying to locate the plant. You called my attention certainly to a location which I have not had occasion to consider for a good many years, and I may not remember it.

By MR. LINDABURY:

Q. Do you happen to remember what percentage of seamless tubes you are now making?

A. No, I do not, but I think it is pretty small in comparison with our competitors.

Q. Less than half?

A. Very much less than half.

Q. When did you purchase the Union Steel Company; do you remember that?

A. I cannot give you the exact date.

Q. It was December, 1902, I happen to recall.

A. Well.

Q. How came you to purchase that?

A. We purchased that for a number of reasons. That was offerd to us. I think in no single instance have we ever sought to purchase the plant of a going concern. I do not recall that we have ever approached any owner of a going concern with the idea of buying it. The very few properties we have bought we have purchased after the owners have urged us to buy, or at least requested us, and generally urged us to buy.

Q. It then having been offered to you, Judge, why did you accept the offer? Why did you make the purchase?

A. Well in the first place, we needed at that particular time the capacity which the company had. The Union Steel had, as I remember, five blast furnaces which we needed at that particular time and would have needed in the immediate future if the business conditions had continued good, and did need later. They had about 24 open-hearth furnaces, and that was a time when open-hearth steel was growing in demand and we needed additional open-hearth steel capacity very much to take care of our customers. The manufacturing company endeavors so far as it can reasonably to take care of its own customers as they require different commodi-

ties or increased quantities of different commodities from time to time. The endeavor of the manufacturing company is to furnish that particular commodity. We have generally done that with perhaps some exceptions. We have not increased the capacity of the Wire Company, for instance, as the trade and as our own customers demanded, because the percentage we started with was large and we did not think it advisable or the best thing to do.

We needed open-hearth steel capacity very much, and then the Union Steel had some very good ore that we needed, and it had some very good coal that we needed, and our subordinates had been urging us to build blast furnaces and build open-hearth furnaces. Moreover, at the Donora plant of the Union Steel they were prepared or were preparing themselves to manufacture wire products that we needed, and the wire people were urging in that district an increase of wire capacity; so that we could utilize the whole plant to very good advantage.

Q. Do you remember whether that wire mill was thought to be well adapted for export trade?

A. For export business particularly, and it has been used for that. Particularly was it demanded for export business.

Q. I interrupted the thread of your remarks.

A. I was going to say, there was another reason which I must mention because it is a fact. Mr. H. C. Frick was interested in the Union Steel Company and he was also interested in the United States Steel Corporation as a stockholder and director, although I think he had never attended a directors' meeting of the United States Steel Corporation up to that time. I would feel certain that he had never attended more than one meeting, and I doubt—perhaps to be certain I am right I should say he had attended very few if any directors' meetings. I am certain I make no mistake in regard to that. Anyhow, he had not taken an active interest in the United States Steel Corporation or its affairs, and it was probably—at least it was stated by him, I think—because he was interested in the Union Steel pecuniarily, in which he had not taken an active interest for the same reason. We were very desirous of the active participation of Mr. H. C. Frick in the affairs of the United States Steel

Corporation. He was a man of large experience and great ability. He was very familiar with the iron and steel business, a man of good judgment and high standing, and moreover was thoroughly familiar with the affairs of the Carnegie Company and with the organization of the Carnegie Company. Mr. Schwab, as I have said, had been ill a good deal, so ill that he finally resigned, and practically retired from business for some time until he recovered, as I remember.

Q. At that time in December, 1902, he was sick and away?

A. He was sick and away; he was not here at all. We felt considerably embarrassed by the fact that we had no one who was closely connected with the Steel Corporation living in New York and taking an active interest in it, who was familiar with the Carnegie organization and properties and business, and so forth, and it was especially desirable that we secure the services of Mr. Frick. In conversation I remember asking Mr. Frick if he would become a member of our finance committee and take an active interest in our affairs in case he was relieved from the embarrassment which he had referred to by the sale of the Union Steel Company properties. Now, whether it is legitimate or not, these facts were important in considering the question as to whether we would take over the Union Steel. We finally decided to buy, after going over and examining the properties carefully and looking into the ore with their experts, and coal experts, we acquired the ore properties. Our active men, the wire people and others, went to the plants and examined them carefully.

Q. Upon what basis of value did you take them over?

A. On the basis of actual cost, as I remember, except as to the ore; there was a profit on the ore; I have forgotten what.

Q. As to the ore upon what basis?

A. The basis of cost with the profit added. We agreed on what we considered its actual selling value at that time.

Q. Was the negotiation a close one?

A. It was.

Q. I think the record shows that you had some special part in it?

A. I did have a good deal of part in it.

Q. I think the inventories were cut down a million and a half, I think the record shows.

A. They were.

Q. Were these purchases made to eliminate competition on the part of Mr. Frick with the Steel Corporation?

MR. COLTON: Just a moment. The same objection as usual to that form of question. May it go down that way?

MR. LINDABURY: I will agree that the usual objection may be considered always made.

THE WITNESS: It was not. Mr. Frick as an individual was not in competition at all, because he was not taking an active interest in Union Steel. As a matter of fact we could have and would have built other properties like this, although we were desirous of securing these furnaces and mills immediately. Business, I think, was very good at that time, I am sure, very good at the time we closed this purchase. It became worse later.

Q. Was the purchase made to eliminate the competition by Union Steel or any owners, known or reputed, of the Union Steel at that time?

A. It was not.

Q. Was it made to suppress competition or restrain trade in the steel industry at the time?

A. It was not. It was agreed—I want to be frank enough to say—it was agreed, as I remember, in the papers which were drawn by the lawyers, that some of those connected with the companies, I should say including Mr. Donner and the Mellons, would not engage in competing business or in the steel business for a term of years. That provision was quite usual in those days, and it was put in by the lawyers, but I doubt if it was ever considered by any of the United States Steel Corporation; anyhow we never thought of it and we never insisted upon it, and I do not think it was ever observed. I am pretty sure it was not.

MR. COLTON: I object to the statement that it was not observed unless based on some fact known to the witness.

THE WITNESS: Based on the fact, for instance, that the

Mellons were interested in McClintic-Marshall, I think it is, which has been very actively engaged in the steel business and in competitive business with us, and also because of the fact that Mr. Donner became connected with the Cambria Steel Company several years ago, I do not remember when.

MR. COLTON: I object to the statement, since explained, on the ground that it appears that the contract conditions excepted the class of business that they happened at that particular time to be engaged in; that covered McClintic-Marshall and it has already been testified that Mr. Donner asked permission before he went into the steel business, of the president of the United States Steel Corporation.

THE WITNESS: Mr. Donner never got permission from me, which would be the place to come for permission, although he would have got it if he had come, although I would not have considered it of any binding force. McClintic-Marshall, while they may have been in business, extended their business very largely, and certainly did not live up to the spirit of the agreement if it had been considered in force.

MR. LINDABURY: I would like to remark that counsel's exception is not a proper subject matter for exception, but rather cross examination.

MR. COLTON: I thought it would save time.

THE WITNESS: Well, facts are facts wherever they come from.

By MR. LINDABURY:

Q. Now, Judge, you later purchased the Troy Steel Company. I think that was in the beginning of 1903. I am right as to the date, am I not, Mr. Colton?

MR. COLTON: About right, as far as I recollect.

By MR. LINDABURY:

Q. Please explain that.

A. That was a little property up at Troy which was idle and had been idle for a long time; which had been offered to us over and over again, but declined at the price named. Finally it was offered at a very much lower price, and our people who examined the property recommended its purchase, on the ground that we could utilize that to good advantage in manufacturing iron from ores found in Northern

New York, for use at the Washburn & Moen plant at Worcester, Massachusetts. We had a special committee appointed, I remember, to make an examination of the property, consisting, as I remember, of the president of the Wire Company and some others; and they examined the property and we decided that it was a good, fair purchase, and could be used for the purposes named. As a matter of fact, we never did manufacture iron there. Further consideration and changed conditions decided us to abandon it. We scrapped a part of it, at least, and considering the value of the property left, about got our money out of it.

Q. Was that company in competition with any of your subsidiaries at the time of the purchase?

A. It was not.

Q. Had it been operated at all for a number of years?

A. It had not.

Q. Do you remember the purchase of the Clairton Steel Company?

A. I do.

Q. Do you happen to remember that date?

A. I do not remember the exact date.

Q. Mr. Colton seems to remember those dates pretty well. Do you remember the date, Mr. Colton?

MR. COLTON: 1904. I have no objection to your giving him the date.

MR. LINDABURY: I understand that you have not; that is the reason I am asking. I have to get it somewhere. Therefore I was asking you.

MR. COLTON: 1904, I think.

By MR. LINDABURY:

Q. How came that purchase to be made? That is all I want—just the date.

A. That property, if I am not mistaken, or the company owning that property, was in the hands of a receiver when it was taken. I would like to be correct—

Q. What was the name of the company?

A. The Clairton Steel. Is not that what you asked me about?

Q. I thought you meant the company owning the stock.

A. No.

Q. You mean the Clairton Steel Company?

A. The company which owned the stock was the Crucible Steel; but the property belonged to the Clairton Steel. The Clairton Steel, if I am not mistaken, was in the hands of a receiver.

Q. Yes; that is right. But you bought the stock——

A. (Interposing) The Crucible Steel was very much embarrassed by reason of the money they had loaned the Clairton Steel to build this plant, which was built for the purpose of furnishing materal to the Crucible Steel. Of course I may be technically wrong about this receivership.

Q. No, I know it was in the hands of a receiver.

A. I know very well the conditions and circumstances. Mr. Snyder and Mr. Park, I think, and perhaps afterwards Mr. Frank B. Smith, who was the president of the Crucible Steel Company and who died, came to see me at different times and were very anxious to sell this property, and offered it at cost to them.

Q. Do you remember whether that was very cheap?

A. In view of what followed, I do not think I ought to say it was cheap; but that is what it cost them, and they built as cheaply as they could, and they were pretty good men. It was not until after a good deal of negotiation, however, after they had offered it repeatedly and after the proposition had been changed, and after they made a very substantial reduction, I think to a point where the property was three or four million dollars less than it cost them, that we decided to buy. These men were wealthy and successful men, but they had gone in a little deeper than they wanted to from the standpoint of the Crucible Steel Company. They did not want to put in any more of their own money, and we finally decided to buy the property at the lower price; but not until after we had had a very careful examination made of the property and ascertained that we could utilize it to good advantage and it would take the place of contemplated extensions by us. They had built a furnace there, or furnaces, and had demonstrated for the first time, as I remember, that they could make pig iron by the use of the ores of the Mesabi

Range without any mixture; and that was very important. Under the old practice it was necessary to use a good deal of what were called the old range ores in order to manufacture pig iron successfully.

In determining what ores can be used to manufacture iron it is necessary to consider, first, the chemical analysis, and secondly, the physical structure of the ore. The old range ores were comparatively scarce. There was a great abundance of the Mesabi ore which at that time was supposed to be imperfect in its physical structure, though its analysis was good. Up to about that time, I believe, it was not considered practicable to use more 60 per cent of Mesabi ore; and up to, say 1901, or about that period, not more than about 40 or 50 per cent of the Mesabi ore. In these furnaces, however, they had demonstrated they could use Mesabi ore, it seems to me, without any mixture of the old range ores. That was very important. That was really important to consider at that time. They had some very good ore; the Champion Company, I believe it was, had some very good ore and they had some very good coking coal property.

The question of coals and ores has changed more or less as time has gone by, but I am speaking of conditions as they existed at that particular time. We needed at that time, to conform to the practices which were successful, more of certain kinds and characters and qualities of ores and coals than we would perhaps need at the present time, speaking comparatively, of course, as to different ranges. First of all, as I have said, we needed the capacity, and it simply saved us from building exactly the same thing.

MR. COLTON: Just a moment. I object to the statement of the percentages that could have been used or were used in respect of ore at that time, of Mesabi and old range, as being a mere expression of an opinion.

THE WITNESS: I would not like to admit that it is a mere expression of opinion.

MR. COLTON: You would not want to say that it was an absolute fact?

THE WITNESS: Well, I think I would.

By Mr. Lindabury:

Q. How often had you turned down this property before?

A. I can not say, but a number of times. It was first offered to us many months before we bought it. I can not give you the exact dates. I should think at least a year before this we had pretty nearly concluded an arrangement with these people, and they could not carry it out because when we came to examine the accounts, we found they could not fulfill them, according to their representations of net assets.

Q. Was this company of any importance or consequence as a competitor of the Steel Corporation?

A. I would say not, no.

Q. With regard to the purchase of ores, the Steel Corporation, after it was formed, from time to time purchased ore properties, did it not?

A. We did; not so much during the early period of the United States Steel Corporation; we were not inclined to buy ores at first. We thought we had enough to start with, or about enough, although if a particularly good proposition of ore located adjacent to our own railroad was offered, we might be willing to consider it; but we were not very active in buying ores during the early period.

Q. Were ore lands offered to you which you did not take?

A. There were, by the hundreds of millions, which we turned down.

Q. Were they accompanied by recommendations in any cases from your own men?

A. They were. Our experts were urging us all the time to buy ores. Mr. Gayley was vice-president in charge of ores. Mr. Cole, the president of the Minnesota Iron Company at Duluth, and other officials and experts were receiving and sending to us offers to sell ore lands which, as I say, contained hundreds of millions of tons, and we turned them down. We could have secured during those years a very large portion of what were afterwards called the Hill ores, which now aggregate, according to the Hill estimates, seven or eight hundred million tons.

Mr. Colton: Just a moment. I object to the statement of

the Hill estimates, the estimates of the property being in evidence.

THE WITNESS: I beg your pardon; perhaps I should not have said that, I know, but I labored under the impression that some of the Hill people had been on the stand.

By MR. LINDABURY:

Q. On what principle did you proceed in the acquisition of the ore properties that you did acquire?

A. Later?

Q. Yes.

A. When we began to see more clearly from actual experience and by the ascertainment of facts and figures that we needed more ore for our own uses and purposes and found that there were large quantities of ore outside of our own holdings belonging to our competitors and to independents so that there was no reason whatever why we should not buy ore, then we began taking care of our own necessities and bought ore properties occasionally.

Q. Did or did not your necessities as you went on and developed your business exceed your anticipations at the beginning?

A. They did. Business increased in volume all over the country. Our own business increased in volume. My impression is when we started we had a producing capacity of something like 22,000 to 24,000 tons per day, and we now have a producing capacity of 45,000 or 46,000 tons per day, which shows how the business has grown.

Q. Has any ore property ever been purchased by the Corporation or leased by it beyond the supposed needs of the Corporation, or with a view to taking it out of the market or keeping it from competitors?

A. No.

MR. COLTON: I object to that on the ground that the question calls for a conclusion involving a mixed question of law and fact.

(Thereupon an adjournment was taken until Monday, June 2, 1913, at 10:30 o'clock a. m.)

SIXTY-SEVENTH DAY.

Empire Building,
71 Broadway, New York City.

Monday, June 2, 1913.

Before Special Examiner Henry P. Brown.

Present on behalf of the United States, Mr. Dickinson and Mr. Colton.

Present on behalf of the Defendants, Mr. Lindabury, Mr. Severance, Mr. Bolling and Mr. Reed.

ELBERT H. GARY,

the witness under examination at the taking of the adjournment, resumed the stand.

DIRECT EXAMINATION (Continued.)

By Mr. Lindabury:

Q. Judge, who were the practical ore men of the Corporation during the early days of its activities; that is, from the time of organization down to 1907?

A. I would say Mr. James Gayley, first vice-president of the United States Steel Corporation; Mr. Cole, the president of the Minnesota Iron Company, and various assistants at that time, like Mr. Olcott, Mr. Sebenius and others. Professor Hulst had been connected with the ore business, and, I think, continued for some little time in that position. I am not certain about that.

Q. Were they experts in ore matters?

A. They were.

Q. Did you or not make any purchase of ore properties after the Corporation was formed except upon their advice?

A. Not to my recollection. I should say no.

Q. Did you or not purchase or acquire by lease or otherwise as much ore property as those gentlemen recommended?

A. We did not.

Q. And upon what did they base their various recommendations?

MR. DICKINSON: I object to that as irrelevant and incompetent.

By MR. LINDABURY:

Q. I mean, as they stated to you, upon what grounds did they recommend the purchases of these ores? That is what I ought to have said.

MR. DICKINSON: We object to their statements to him as secondary and hearsay.

THE WITNESS: In recommending these ores to us from time to time they recommended them to us for the reason and on the ground that they were necessary to the Corporation either for use or for reserves of ore, to take care of the requirements of the furnaces and mills and business.

Q. Was your attention called in that connection to the comparative reserves of other steel manufacturing concerns?

A. Not so much at the beginning, perhaps, but more and more as time went by.

Q. And did you ascertain, then, or were you informed, in considering the matter of the acquisitions of ores, what other steel manufacturing concerns had?

A. We were.

Q. And do you remember whether they averaged more or less than what the Steel Corporation had?

A. I am unable to give exact figures applying to the time of the organization of the Steel Corporation; but I know there were very large bodies of ore at that time owned by many independent companies like the Cleveland-Cliffs; Pickands, Mather & Company; Oglebay, Norton & Company; M. A. Hanna & Company; Corrigan, McKinney & Company and others. Also that other manufacturers had large bodies of ore, including the Cambria Steel, the Pennsylvania Steel, the Republic Iron & Steel and Jones & Laughlin, who did not have so much at that time, but rapidly increased their holdings; and many others; so that, as time went by and I became more fully informed, I ascertained that many, if not most, of our competitors had very much more ore in proportion to

their requirements than we did. At the time this suit was commenced the Pennsylvania Steel Company had hundreds of years supply of ore, for instance, and the Bethlehem the same. The Cambria had, I should say, a much longer supply than we had—forty or fifty years, anyhow. They own half of the Mahoning Mine, which is a very big mine; and the Republic has a very large supply, a much longer supply than we have, I think. Jones & Laughlin have a very large supply of ore. The Inland Steel has a large supply. Most of our competitors at the time this suit was commenced had a longer supply than we, in proportion to the producing capacities of the different companies at that time.

Q. The United States Steel Corporation acquired, along with its other properties two important ore railroads in Minnesota. It has continued, I believe, to own and operate them? That is a fact, is it not?

A. Yes, through their subsidiary companies.

Q. What occasion was there for the ownership of these railroads by the Corporation, and how have they been operated by the Corporation or its subsidiaries with reference to the service of the Corporation's competitors?

A. They have been operated as common carriers. The Duluth & Iron Range Railroad extends from Duluth to Two Harbors, and thence northerly to a junction point; from that point westerly over a portion of the Mesabi Range, and from that junction point also northerly to Tower, and from there easterly to Ely. The other railroad runs from Duluth northerly and northwesterly, and strikes the Mesabi Range, and then extends out on the western end of the Mesabi Range. These roads were and are necessary to the success of the Corporation's iron and steel business, and the transportation of ore from the mines to the docks, where they are delivered to the ships on the lake. They are necessary to the Corporation particularly for two reasons, first because they permit of continuous operation, that is, an uninterrupted operation, which is very necessary to the economical use of the ore; and secondly, for purposes of separating and distributing the various kinds and characters and grades of ore; in other words, to get the best use of the ore. So that it shall be

handled to the best advantage of the manufacturing companies it is essential that the control of these railroads shall be substantially the same as the control of the furnaces. Then particularly it is necessary to have these railroads kept in the very best condition all the time in order to utilize them to the best advantage. A railroad, unless owned by a company able financially to keep it all the time in the nearest to perfect condition could not be utilized anything like as well as these railroads have been used.

Now, I said it was necessary for the railroad to be owned by the same interests as the United States Steel Corporation in order to have the furnaces get the best kind of treatment and the best conditions. I should modify that statement to this extent; I think our railroad companies have served the independents at all times and in all respects fully as well as they have served the United States Steel Corporation interests. There has been no discrimination against independents in the slightest particular, so far as I know, and certainly we would not permit anything of that kind if we knew it, and we have had no complaints of that kind to make us think that there has been any discrimination. It follows, therefore, if some other company, an outside independent company, owned this railroad and could and would serve our ships and our furnaces as well as our railroads do it, then there would be no difference, but we know in practice that is not a practical proposition. Positively, I have never found any other railroad in this country that could or would give us exactly the same treatment or approximately the same treatment. When there is a congestion in the freight business, as frequently occurs, we suffer materially at points by reason of the fact that independent railroads, including the very best, like the Pennsylvania Railroad as a type, and others, do not and cannot afford us the same facilities for the transportation of our products either into the mills or out of the mills. We have closed down our furnaces even, we have closed down our coke works, we have been interrupted and delayed and have been compelled to partially interrupt our business by reason of the lack of railroad facilities, where we depended upon the service of independent railroads. Now,

we know by practical experience that having control by the United States Steel Corporation of these railroads we have been able not only to furnish first class facilities and service to the independents, but also to ourselves, which we could not get in any other way by any other means.

Q. And is the service different from or greater than that which an independent common carrier ordinarily furnishes?

A. Very much better.

Q. Explain some of the differences.

A. In the first place we have railroads that are kept up in the best condition; in the next place we have the very best of equipment and plenty of it; in the next place these railroads are largely ore carrying roads, and the effort and energy of the managers are directed all the time to the very highest degree of service in the transportation and delivery of these ores. An independent railroad company has a great variety of products in large volume, which makes it more difficult of handling any particular business, and moreover, the complications of management of a large independent railroad are multiplied, and at times the railroads are not in the very best condition.

And their equipment is not in the best condition, and frequently is inadequate. I suppose no one knows better than Judge Dickinson, a railroad lawyer, how difficult it is for the ordinary railroad to furnish the very best service all the time. Certainly we have had a good deal of experience in that direction.

Q. Does the railroad assist in the classification of these ores?

A. It does; classification, and the sorting and distribution of ores.

Q. And is that of importance to shippers?

A. Very important in point of time and in point of expense, and in the practical utilization of all the ores in the mines; time is very important in a manufacturing business.

Q. How does the condition of those railroads as they are now, that is, their present condition, compare with the condition at the time the Steel Corporation was formed?

A. Very much better. We have improved them all the time. We commenced right at the start to improve them very

materially, and we have kept that up. Of course, it has cost a great deal of money, which has paid—paid in dollars and cents. It is a good economic proposition.

Q. How does the rate charged, the freight rate, compare with that which existed at the time the Corporation was formed?

A. Rates have been reduced.

Q. When were they reduced? Some time in 1911, I think, was it not?

A. Yes; I was going to say between two and three years ago; I can not give you the exact date.

Q. Was it increased at any time after the Corporation took the roads over?

A. It was not.

Q. It never has been increased?

A. No, it never has been increased.

Q. And some time in 1911, and before this suit was brought, I believe it was—

MR. COLTON: It took effect after the suit was brought.

MR. LINDABURY: It has been effective ever since.

MR. COLTON: It did not take effect until 1912.

MR. LINDABURY: I do not mean to separate them.

By MR. LINDABURY:

Q. Now, was any complaint ever made by any shipper to the Corporation with respect to these freight rates?

A. I never heard of any complaint, until I think it was suggested in the Stanley Investigation that the rates were high, that the profits were too large.

Q. And was that suggestion made by any shipper of ore?

A. It was not, as far as I know; I think following that, though, perhaps some of the—two or three of the companies who were competitors of ours in manufacturing did make some complaint before the Interstate Commerce Commission in regard to rates.

Q. That complaint was withdrawn, however, was it not?

A. I believe it was. We supposed—we had every reason to suppose, and believed at the time of the Stanley Investigation, that the rates were entirely satisfactory to all the shippers. We saw them frequently. I knew them well. That

is, I knew the leading officers well and they all knew my disposition, I am sure, because we were in very close contact all the time. So far as I remember, they never asked me for anything in connection with our mutual business that was reasonable that I did not immediately concede. I had the right to assume and did assume that the rates were entirely satisfactory.

Q. Knowing your disposition to them, they would have been inclined to ask for a change if they thought a change was called for?

A. I think they would.

Q. Was any complaint ever made to the Interstate Commerce Commission in regard to these rates, so far as you ever heard, until the one you alluded to a little while ago?

A. No.

Q. Now, Judge, you acquired through these various—

A. (Interposing) May I state just one word in relation to those rates?

Q. Yes.

A. These railroads, built and maintained and extended at a very large cost, are intended largely for the ore business. It is only a question of time when the ore business in that country is gone, and in that case the value of the railroads is gone; and we took that question more or less into account always in passing upon the question of rates, as I suppose every one else did.

Q. And did these railroads ever earn or pay dividends in the early days of their existence?

A. They did not, for a good many years.

Q. Which of them was built first, if you know?

A. The Duluth & Iron Range.

Q. Who built that? I suppose a corporation of that name, but do you know what the ownership was?

A. I do not know. The Minnesota Iron Company owned the stock of the Duluth & Iron Range Railroad when I first knew anything about it.

MR. SEVERANCE: Tower.

THE WITNESS: Tower—Charlemagne Tower; that was the name.

By MR. LINDABURY:

Q. Through these various acquisitions the Steel Corporation possessed ore in the ground, railroads to transport it to the Lakes, boats on the Lakes, and some railroad facilities at least for carrying it from the Lakes to the furnaces, did they not?

A. I must be obtuse; I do not quite get that question.

Q. Through these various acquisitions of property, the United States Steel Corporation, through its subsidiaries, of course, came into possession of the necessary ore in the ground and facilities for transporting it over its own railroads and steamships to its furnaces?

A. Yes.

Q. And it also acquired blast furnaces, rolling mills and finishing mills by which, through properties it owned it covered all processes to the finished product, did it not?

A. It did.

Q. Was or not this of particular account for the development of the foreign business that you spoke of?

MR. DICKINSON: I think it will answer the purpose just as well if you ask questions without making them leading. I do not think it is of very much importance, but I do not like to sit by and see you testify and have him say yes.

MR. LINDABURY: It is my desire to avoid that, and what I have just now said is simply introductory.

MR. DICKINSON: I know it is. I do not know how soon you ed all processes to the finished product, did it not?

MR. LINDABURY: Then I won't lead. That has all been testified to and by him, and it is purely introductory.

MR. DICKINSON: It is charged in the bill and answered.

MR. LINDABURY: It is purely introductory to the subsequent question that I am going to ask.

By MR. LINDABURY:

Q. Was or not this ownership of all these facilities of particular account in your opinion in the development of the export business which you have testified was in contemplation?

A. It was.

Q. Why, and why did you consider the export business of particular account or particularly to be desired?

A. For many reasons. The export business brings from foreign countries large sums of money to this country. I suppose as the different producers of this country are in competition one with another, however good-natured it may be, however friendly it may be, so the different nations of the world are in competition with one another, however friendly the competition may be. Each country is striving so far as it can to push its own business, to protect and promote its own interests, and to bring to its own country from all others all the money that it can honestly and decently and fairly do. I regard the increase in the export business as applied to the iron and steel industry of the highest importance to this country, for that reason alone. Then, of course, to the extent that we furnish an outlet for our production from this country to other countries, to that same extent we furnish additional employment to the multitudes of workmen who desire and need labor and the wages they receive. And kindred to this is the development and growth of all other lines of business that come in contact with it.

It would be difficult offhand, in dollars and cents, to say just how far that extends. For instance, I suppose we pay in freights annually more than $100,000,000 at least. I shall not attempt to be accurate at this time, but we pay very large sums of money. That, of course, means the employment of thousands and hundreds of thousands of men in the employ of railroad companies. That idea can be extended, and the numbers of lines of employment which are involved by reason of the connections between the different lines of business would be very large.

The market in foreign countries for our products, which furnishes an outlet for the production of iron and steel in this country to a large extent affords relief to our competitors, particularly at periods of great depression in this country. When business is dull it is of decided benefit to the iron and steel trade generally to have a company like ours with such an organization for the transaction of export business as we have, extending throughout the world, ready and willing to push its export business, and thereby, to some extent, at least, to make it less difficult under such circumstances for our competitors in this country to keep their mills running and their

men employed and their bank indebtedness paid. I think in that respect it has been a decided advantage.

Q. Is the export business good sometimes in some parts of the world and not in other parts?

A. It is. It is a very great advantage to have markets scattered throughout the world, just as it is a very great advantage for a producer to have a diversity of products. Business may be good with reference to one at one time and poor with reference to another. We may find our markets in Africa at some particular time very poor, and in Australia at the same time very good; in Canada at some time and in Mexico at some time very poor, and in South America at the same time very good. I answer your question in the affirmative, decidedly.

Q. Judge, you have answered my question from the public's point of view, and also in part, especially in the latter part of your answer, from the point of view of the Corporation and its stockholders. I will ask you if you had in mind any further benefit or promise of benefit to the company and its stockholders in the foreign trade when you formed the Corporation.

A. I suppose our export business is about twenty per cent. of the total. No doubt the exact figures have been given here.

MR. DICKINSON: Of the total of what?

THE WITNESS: Of the total of our business.

MR. DICKINSON: Of your business?

THE WITNESS: Yes; of the manufacturing business. Of course, with such a great diversity of products as we have, and such widely distributed locations, which furnish markets for our products, the benefit in good times and bad times of selling and distributing our materials and products furnishes a steadiness which in net results, from a pecuniary standpoint, is very large, and almost beyond calculation. To have a foreign market at times when our business is very dull here particularly, which may enable us to keep our mills running and our men employed, our organizations complete, besides the earnings which we receive, is a very great benefit.

As an economic proposition, the development and extension and increase of the export business constitute one of the

best things which we have. There is no doubt about it; it is of very great importance.

MR. DICKINSON: The question was from the standpoint of your stockholders. That was the question.

MR. LINDABURY: And the Corporation.

MR. DICKINSON: Now, you say it is one of the very best things—does that apply to that question?

THE WITNESS: Yes.

MR. DICKINSON: From the standpoint of the stockholders and the Corporation?

THE WITNESS: Certainly. It is of very great benefit to a manufacturing corporation, on the basis of cost of production, to be able to run mills full, have them fully occupied, and if it is not practicable to have all the mills fully occupied, then to have a portion of them fully occupied. A corporation as large as ours, and with the facilities which we have, and with our markets, by good management, is enabled most, if not all of the time, to keep, if not all of its mills running to their full capacity, to keep certain mills running to their full capacity.

Now, suppose, for instance, that the Carnegie rail mill is enabled to run to its full capacity either in the manufacture of rails for domestic use or foreign markets. As a total net result at the end of the year we find that the cost is very much less per ton than would be if we ran that same mill partly full.

Take our Allentown wire mill, which is run entirely on foreign business. With this wide distribution of the products of that mill, we keep it running practically all the time. We therefore run it at less cost in many respects. If the operation of a mill is interrupted by reason of poor demand, then immediately there begins to be realized a demoralization in the organization. Our men begin leaving the mills seeking employment elsewhere. We keep a number of them as long as we possibly can doing odd work about the mill, making repairs and so forth, but there comes a time when the men have to seek work elsewhere, and then when we want to start up again without those men we have to get additional men, and sometimes we keep them longer than we can utilize them to good advantage, paying their wages just the same. That is

true of every part of the organization. It is a great thing, and a saving of dollars and cents, to be able to run any mill without interruption the year round.

Now, the export business has a very marked effect upon this question of beneficial result to the Corporation and therefore to the stockholders.

By MR. LINDABURY:

Q. And are your mills, or some of your mills, well located for foreign business, to manufacture for the foreign trade?

A. They are.

Q. What ones?

A. Well, I spoke particularly of the Allentown mill. There is the Pittsburgh district.

Q. And the Donora plant?

A. The Donora plant, yes.

Q. Pardon me if I ask you just as we go along. You mentioned Allentown; how long has that been run entirely on foreign business?

A. Many years, and it seems to me almost, if not ever since the organization of the United States Steel Corporation. I think that mill was in use for export business at that time; I am very sure.

Q. Was that owned by the Federal?

A. No.

Q. How did you acquire that?

A. By purchasing the American Steel & Wire.

Q. Through the Steel & Wire Company?

A. Yes.

Q. What other mill is well located to manufacture for the foreign trade in any line of foreign production? You mentioned Donora. You have a wire mill there?

A. Yes, at Donora, and there are other properties.

I think eventually the Tennessee Coal & Iron will be very good for export; and the Worcester plant and the Pittsburgh plants; of course the plants most accessible from the seashore.

Q. Which are in the Pittsburgh district and east of it?

A. Yes, and east of it.

Q. Were any of those owned by the Federal?

A. No, they were not. I think we have sold a good many frogs, switches and crossings from Johnstown. I think that is the only plant engaged in that business; and we have sold girder rails at Lorain; Lorain is farther west near Cleveland. Johnstown is in Pennsylvania, a little this side of Pittsburgh, as you know. It has a business of its own, and has no competition, and never has had, with any of the other companies, as I remember.

Q. In the early part of 1907 you took a lease from the Great Northern Ore Company, I think that is the name, of certain ore properties in Minnesota, the lease being familiarly known as the Hill lease. Why did you do that? That is, I will have you explain the circumstances which led to your taking it.

A. There was a body of ore which we estimated to amount to about 250,000,000 or 275,000,000 tons. Of course the estimates now are very much larger, running up into 600,000,000 or 700,000,000 tons. Our experts had been urging us to secure that ore, if possible, in order to furnish us with an adequate supply of ore for the necessities of the furnaces and mills in our business. The question had come up frequently for discussion. We found our competitors were securing ore much more rapidly than we, in comparison; at least we believed that; had no doubt of it. Anyhow, considering our manufacturing capacity, we were convinced that we actually needed that ore, and I am sure at the present time we ought to have that and a good deal more for our business.

Q. Why?

A. We have a very much larger coal supply, for instance, than we have ore supply. It happens that there are millions and hundreds of millions and billions of tons of coal in this country, and it is easy to get that, or has been easy to get that; and we have a large supply, although there are hundreds of millions now that can be got; but we did not have anything like the same quantity of ore in comparison, and we ought to have a very much larger supply.

For instance, think of the Pennsylvania Steel Company having 500 or 600 years supply of ore on hand, and the Bethlehem, I suppose, several hundred million tons of ore supply

on hand; and other companies, fifty or sixty years supply of ore, and we having forty; we haven't enough; we ought to have more, or the result will be of course that we will have to come down to a very much cheaper grade of ore some time, sooner than we ought. We will perhaps be deficient unless we make discoveries that we do not know anything about now, as some others have been making the last few weeks, even months.

Q. Had there been a considerable development of ore property in recent years in the United States?

A. There has been some, yes.

Q. I do not mean to go into that except in that general way.

A. There has been.

Q. The gentlemen whose profession it is to find ore can testify pretty fully, perhaps exactly about that?

A. Yes, sir.

Q. Was there any difference of opinion among the directors of your company with regard to the advisability of taking the Hill lease at the price or rent offered?

MR. DICKINSON: Objected to as irrelevant and incompetent.

A. There was more or less difference of opinion. A large portion of the Hill ores, at least, were ores which need concentration for use, and we did not know just exactly what might be involved in that. It was largely a question as to what the kind and character of the ore might be or was, and the price which we were compelled to pay. Anyhow, there was not for some time harmony of opinion in regard to the acquisition of those ores. I think the question of taking them over, if we could get them, was under consideration for, I should think, two or three years; for some time, anyhow. It might have been longer than that.

Q. Your difference was as to the terms?

A. Yes, as to the terms.

Q. And how did you reconcile them or finally get together?

A. I remember the question was referred to me by the finance committee with power, and I negotiated off and on

with Mr. Hill for a long period. At my suggestion Mr. Frick was added to the committee. He and I negotiated more or less, but after a good deal of negotiation we finally reached a conclusion and agreed to take those ores upon the terms stated in the lease, which may have been introduced in evidence in this case, but not until we secured the option to cancel the lease on giving certain notice, and when that was finally arranged for we agreed to make the lease.

Q. You spoke a moment ago of estimates of the ore in the Hill properties, running up to six or seven hundred millions. Whose estimate is that?

A. Well, of course, estimates vary more or less, but the estimates of the people who were acquainted with the country——

MR. DICKINSON: I except to his testimony as to that as being hearsay.

THE WITNESS: The men best qualified to judge of those things.

MR. LINDABURY: It is not offered as evidence of the fact.

MR. DICKINSON: It is in the record, and I want the objection to go in also.

THE WITNESS: We used to think we could measure up the Mesabi iron like we could measure grain in a measure, because the ore runs in regular ledges to a large extent, but it has been discovered by long practice that sometimes the ledges are dipped, for instance, and in exploring properties for ore the drill might go down on one side of the ledge to a depth which it would be supposed would reach the ore if it was there, because in drilling at another point where the ledge was higher it had been reached, and the exploration abandoned, because they did not get deep enough with the drill that was started down near the bottom of the dip. And then on the other hand, they would go down the side of the ledge, or, that is, below the top of the ledge, and suppose they had fully explored that particular property, when if they had drilled in different places or at different depths they would have reached very good ore in large abundance, and that has been discovered recently with reference to one particular property which had been explored and abandoned.

Q. Now, Judge, I believe the Corporation has exercised its option to cancel the lease; that is, it has given notice, in accordance with the terms of the lease, of its purpose to cancel in 1915?

A. Yes, it has.

Q. And has it or not since giving the notice, surrendered the leasehold, or any part of it?

A. It has.

Q. How much of it has it surrendered, roughly?

A. A large portion. I would say, perhaps, the larger portion. We had opened up some of the property, and we had to operate those mines until the lease expired, subject to the minimum, and so forth, but the Hill people believed, or at least they represented to us they could utilize some of these properties in other places, that they could make leases to other parties, and asked us to relinquish as to those before the time expired, and we did so without hesitation.

Q. When did you do that?

A. At different times. I could not give you any exact date, but since the notice of cancellation was given.

Q. I intended to ask whether it was soon after.

A. Yes; soon after.

Q. Have you any idea of the percentage of the property you thus released?

A. I have not.

Q. Whether it was one-half or two-thirds?

A. I should say——

MR. COLTON: (Interposing) Whatever it was is a matter of record.

MR. LINDABURY: Yes.

THE WITNESS: I would have suggested without that suggestion, probably more than half.

MR. LINDABURY: Of course, the other witnesses can tell.

THE WITNESS: It is a very large proportion.

By MR. LINDABURY:

Q. Why did you give notice under the lease of your election to surrender in 1915, being the earliest opportunity, according to the terms of the lease that you could surrender?

MR. DICKINSON: Objected to as irrelevant and incompetent.

THE WITNESS: We decided to cancel the lease and gave notice of the cancellation because we found by practice the cost to us of concentrating and utilizing these ores was very large, and larger than we had expected. Also, I may say, because it is a fact, we were to some extent influenced by the fact that in the report of the Commissioner of Corporations it was claimed our ore reserves were so large as to be objectionable to the government, and tending towards securing or maintaining a monopoly in the iron and steel trade. We have never been disposed, as I think I said before, to ignore, certainly not to defy, any suggestion made by any department of the Government concerning our management.

MR. DICKINSON: That is objected to as irrelevant.

MR. LINDABURY: What, Judge?

MR. DICKINSON: His disposition, as he has just expressed it there, in regard to the Department of Justice.

By MR. LINDABURY:

Q. Was the lease taken with any intent or purpose of effecting a monopoly in iron ore or anything else?

MR. DICKINSON: That is objected to as irrelevant.

THE WITNESS: It was not.

By MR. LINDABURY:

Q. Was it taken with any intent or purpose of acquiring these ores beyond the Corporation's needs, in order to keep them out of the hands of competitors, present or prospective?

MR. DICKINSON: The same objection.

THE WITNESS: No.

By MR. LINDABURY:

Q. Would the continued holding of those ores in connection with your other ore holdings give you a reserve for as large a number of years as the average reserve of your competitors?

A. No.

Q. In the latter part of the year 1907 you acquired the properties of the Tennessee Coal & Iron Company. I wish you would explain what led to that acquisition, beginning at the beginning, and stating the circumstances your own way.

A. In my previous answer I did not refer to the Tennessee ores at all. I do not consider they come into competition, really, with the northwestern ores, the Minnesota and Lake Superior ores.

Q. You might as well, now that you have alluded to that, state why not?

A. Because the markets are different. The Tennessee Coal & Iron plant supplies a certain market within a certain territory. That territory is large in extent, but limited in demand for the products. At some time we hope and expect that to be a very great market. It may be a long time in the future.

The freight rates determine largely the market for any given product, and the question of territory of any particular market is susceptible of mathematical demonstration, by reason of the freight rates. The products of the Tennessee Coal & Iron cannot successfully compete with the other markets, the northern markets; they never have and never will, possibly, successfully compete with them. It is true a man can send anything from any place to any other place and put it in competition at that last named place; but that is not competition that is worth considering for a moment. It is not practical competition. It might be destructive competition. A manufacturer might sell at a loss a given commodity in a limited quantity at a remote market, for the purpose of driving someone engaged in business at that market out of business; but I do not consider that ordinary, natural competition.

Q. It is not economic competition?

A. It is not economic competition; quite the contrary.

Q. You may, if you have finished that, Judge, proceed to answer my first and main question, as to the circumstances leading up to and attending the taking of the Tennessee Coal & Iron.

A. The Tennessee Coal & Iron properties had been offered to us many times during the years preceding the panic of 1907 in one way or another by different people, men who were more or less remotely connected with the property, and by those who were directly connected with the property. We knew it was for sale, and sometimes some of the subordinates in our company had referred to the company as a property perhaps that would be desirable. Others had objected to it. But we had

decided conclusively against its acquisition. Personally I was always very much opposed to it, and so was Mr. Frick very much opposed to it, and so were others, who were practical men. Our people generally were opposed to it. We had no thought or intention or desire of acquiring that property up to the panic of 1907. I could give some details if necessary, perhaps not important, with reference to the property being offered to us, but, sufficient to say, we knew we could get it and we did not want it. There is no foundation whatever for the suggestion that up to the time of the panic those in the management of the United States Steel Corporation were desirous of securing the Tennessee Coal & Iron properties, or had any intention of ever securing them.

Q. It has been suggested that the managers of the Steel Corporation feared the competition of the Tennessee Coal & Iron Company in the manufacture and sale of steel rails, particularly open hearth, and that they were induced to purchase by that fear. What is your answer to that?

A. My answer is that there is no foundation in fact for the suggestion; not a particle.

Q. They were making some rails, or had a rail contract with the Harriman roads, had they not?

A. Yes, they were making a good many rails. I do not know just where they delivered them, but the Southern Pacific Railroad Company I think is a railroad that could reach those properties by some arrangement. I think Mr. Harriman bought them for the Southern Pacific largely. They manufactured what they called an open hearth rail. I believe it was not strictly an open hearth rail. I remember Mr. Schwab's testimony in the case, and he is an expert, and I am not going to say anything about that.

Mr. Dickinson: I will ask the witness to state his own knowledge when he speaks of these facts, and not hearsay.

The Witness: (Continuing) The iron ore in that district is a low grade ore. That is to say, it is low in iron content and it is high in phosphorus. It is not a Bessemer ore. It is necessary to eliminate the phosphorus, or a large portion of it, in order to make it practicable for use. It was considered an open hearth proposition by me, I will say. We knew their costs were large, their facilities for manufacturing were not

good, and their labor conditions were not the best. Their rails did not come into competition with us to any appreciable extent. In our opinion their competition was not worth considering, if we were desirous of avoiding competition.

MR. DICKINSON: I object to testimony as to their opinion, whether it was worth considering, being the opinion of others.

MR. LINDABURY: I desire to develop the attitude of mind that these gentlemen had at that time.

MR. DICKINSON: His attitude of mind is one thing, and the opinion of others is quite a different thing.

By MR. LINDABURY:

Q. By "others" do you mean your associates in the management of the Steel Corporation?

A. Yes. I mean my belief and the belief of my immediate associates, as stated by them in our course of business from day to day in discussing these various questions.

MR. DICKINSON: I object to their belief and what passed between them as irrelevant and hearsay.

MR. LINDABURY: I think it is pertinent and relevant, and I will ask you to state it as we go on from time to time.

Q. How did the competition of the Tennessee Coal & Iron compare with that of Jones & Laughlin, for instance?

A. It was not to be mentioned in the same conversation.

Q. And the Cambria and the rest?

A. Or any of the rest up here. As a business proposition, considering the question of dollars and cents from any standpoint you please, even from the standpoint of trying to eliminate competition, if such a thing as that had ever entered our minds, which it did not, we could not have considered favorably the acquisition of the Tennessee Coal & Iron properties. We could have taken the money which we knew at that time was necessary to be expended in the development of the Tennessee Coal & Iron properties in order to produce a fair interest on the investment to a very much greater advantage and with very much larger profits by the extension of our works at any of our plants, several times over.

Q. Were you aware of that at the time?

A. I was, thoroughly.

Q. And were your associates aware of it also?

A. They were.

MR. DICKINSON: I object to the statement that he and his associates were aware of it. He does not state who they are and how they knew it, and it is hearsay.

Q. You spoke about the competition of Jones & Laughlin in comparison, and I meant to ask about the others. The Cambria, was that greater than the Tennessee Coal & Iron?

A. Indeed it was.

Q. And the Pennsylvania?

A. Yes.

Q. And Bethlehem?

A. Bethlehem. There is real competition in those companies.

Q. Those different companies?

A. Yes, sir.

Q. Was there any considerable steel company in existence, in the United States, I mean, whose competition was not of more account than that of the Tennessee Coal & Iron Company?

A. Well, that is a very broad question. There were so many companies whose names I cannot even remember and scattered so widely, that I might make a mistake if I should answer that sweeping question, but I am very sure that as compared with the leading steel companies who were our competitors, with whose business I was pretty familiar generally, the competition of the Tennessee Coal & Iron was of no importance, or very slight importance.

Q. Did you try to buy these others, or any of them, before you bought the Tennessee Coal & Iron?

A. I did not.

Q. What was the percentage of the output of the Tennessee Coal & Iron Company, if you happen to know, at that time?

A. I have not got the exact figures of the different products.

Q. The average I mean, of course?

A. The average of the steel producing capacity I suppose might have been one and a half per cent, something like that.

Q. And was that really competitive?

A. It was very small. It was down to about that point, that I know.

Q. And was that really in competition with the products of your company?

A. No.

Q. Even that one and a half per cent?

A. It was not. The idea of our buying the Tennessee Coal & Iron properties to eliminate their competition is about as ridiculous as anything one could imagine mentioned.

Q. What about their prospective competition; it is said some $8,000,000 was put into the property not long before you acquired it and $2,000,000 more were to be put in, making $10,000,000 in all, as I recollect the figures, and it is suggested that that was threatful of future competition?

A. They were poor; they needed money; they needed more money than they could get.

By Mr. Dickinson:

Q. Do you mean to say—— whom do you mean by "they?"

A. The managers, those who controlled it.

Q. They were poor?

A. I did not say that.

Q. That is what I asked you about.

A. I did not say that; there were some men connected with it during the last two or three years, very good men, Leonard Hanna, for instance, and Mr. Oglebay; I considered them first class men; Topping was a good man. I do not want to characterize unfavorably anybody, but there are different kinds of good men and different kinds of wealthy men. There are some men who are wealthy who become interested in companies because they hope to develop the property and make an economic success of it, and there are others that become interested in the stocks of companies because they hope they can induce someone else to believe the companies will be an economic success and thereby unload their stocks onto those people, and I am not going to mention names, I do not want to do an injustice to anybody, and I am not going to. I do not want to characterize particularly about the stock of the Tennessee Coal & Iron Company, which for years had been a peculiar stock on the market used for the purpose of specu-

lation. It was moved up and down as a few individuals desired it to go, and that company, under those circumstances, had never been a success and was not likely to be made a success. That there were some good people connected with the company at the time we purchased it who intended to have it made a success, I have no doubt, and that considerable money had been expended which was calculated to improve the property is unquestioned; but the company was not in a condition to compete, even if its location had been as good, with such a company as Jones & Laughlin, for instance; not to be mentioned in the same conversation.

By Mr. Lindabury:

Q. Do you remember what its floating indebtedness was at the time?

A. When we took it over?

Q. Yes.

A. It had a floating indebtedness of over $4,000,000, and nearly one million and three-quarters of it was past due, and we had to pay out nearly three million dollars within a short time after we purchased the property.

Q. Calling names, Judge, leads me to ask who the leading spirit was in the management at that time?

A. I wish you would not ask me to mention names or characterize them.

Q. All right, I will withdraw it and ask whether Mr. John W. Gates was interested in the concern at the time? You have not named him, and having named others, I think the record ought to be completed.

A. Yes; he was interested in it.

Q. How much has the Steel Corporation been compelled to put in?

A. There was another man largely interested in it, and I only mention his name because he was not in any sense of the word an iron and steel man, George Kessler.

By Mr. Colton:

Q. And Mr. Payne?

A. Payne was a very good man.

Mr. Lindabury: Mr. Payne was not interested in the management of it?

MR. COLTON: He had some ten thousand shares of it.

MR. LINDABURY: I mean he was not connected with the management of it.

THE WITNESS: I would not consider Payne had any connection with the management of it. I think Oglebay and Hanna had very little connection with the management of the property. Those men were not the leading men in the company.

By MR. DICKINSON:

Q. Which men?

A. The three men whose names I have mentioned, Payne, Hanna and Oglebay.

Q. You say they were not the leading men?

A. No, not in the management, they were not. Mr. Hanna and Mr. Oglebay may have been on the executive committee at that time; I am not sure about that. They lived in Cleveland. Mr. Hanna had been ill a good many years and was getting better, and I think he is very well now. He is more or less out of business. They had their own business in Cleveland, anyhow. Oglebay and Norton had their business in Cleveland. Hanna had had his business in Cleveland.

Q. You said you paid out $3,000,000 right away to get rid of the floating indebtedness of the company?

A. I said there was a floating indebtedness of over $4,000,000, and that one million and three quarters of it was passed due and we paid out at once about $3,000,000 in cash.

By MR. LINDABURY:

Q. How much since have you been compelled to put in to develop the property and make it a reasonable business proposition?

A. In the first place it depends on what you mean by a reasonable business proposition, you would have to spend a good deal more to make what I consider a reasonable manufacturing proposition, but I think up to the time this suit was commenced there had gone into the property in cash over $20,000,000—over $22,000,000.

Q. That is, up to October, 1911?

A. Yes. My figures may not be exact. Certainly we began expending money in large sums very soon after we commenced, and we kept that up to the time the suit was com-

menced. Our returns from those expenditures were small: a very small rate of interest on our investment.

In the course of time, by the expenditure of large sums of money and with the growth of the business in the market, which can be reached economically from the plant, that could be made a fair paying manufacturing property; but will not favorably compare with many other locations, in my judgment.

I was asked the question before the Stanley Committee, I remember, and I do not believe you will object to my saying here, whether or not we would be willing to dispose of the property at what it cost us——

MR. DICKINSON: I object to that.

By MR. LINDABURY:

Q. Under the objection, Judge, I think perhaps you had better omit it.

A. Very well.

Q. Was that property acquired for the purpose of eliminating a competitor of the Steel Corporation?

MR. DICKINSON: That is objected to as irrelevant and incompetent.

THE WITNESS: It was not.

By MR. LINDABURY:

Q. Was it acquired for the purpose of obtaining a monopoly in iron ores or coal, or anything else?

MR. DICKINSON: The same objection.

THE WITNESS: It was not.

By MR. LINDABURY:

Q. Was it acquired for the purpose of restraining trade or suppressing competition in the manufacture or sale of ore, iron or steel products?

MR. DICKINSON: The same objection.

THE WITNESS: It was not.

By MR. LINDABURY:

Q. Judge, you stated that there had been put into the Tennessee Coal & Iron property upwards of $22,000,000. It is not clear whether you included in that anything put in by

the prior owners or whether you were speaking entirely of the Steel Corporation's contribution?

A. I included the money put in by the Steel Corporation, including the earnings of the Tennessee Coal & Iron also.

Q. But not any of the contributions of prior owners?

A. No. My figures are not exact. They can be corrected, I suppose. I know it is a very large sum; approximately that. I do not know the details. I might not discriminate accurately.

Q. Mr. Filbert will be a witness and will give it exactly.

Had you ever met Mr. Kessler anywhere in connection with the disposition of this property?

A. I did not meet him; I saw him.

Q. When and where, and under what circumstances?

A. I received word from Mr. Morgan that he would like to see me, and I went over to the bank, and he told me a majority of the stock of the Tennessee Coal, Iron & Railroad Company had been offered, and he asked me if we wanted to acquire it. I told him no, we did not, that the properties had been offered to us at different times and in different ways, and we had considered it and decided against it; we did not believe we could utilize it to good advantage, did not believe it was a good proposition and did not want it. I believe he named a figure that he represented it could be bought at.

Q. Was the rejection with any reference to the price?

A. No, it was not. Mr. Morgan stated that Mr. Kessler—who was just leaving the bank, I think, as I came in, or might have been in another room; I am not certain, I have forgotten about that—claimed that he controlled a majority of that stock. While I sat there I said to Mr. Morgan——

Mr. Dickinson: I object to what passed between him and Mr. Morgan as incompetent and irrelevant.

The Witness: (Continuing.) I said to Mr. Morgan that it might be advisable to talk with Mr. Frick about it, and I would like to bring him over to the bank. He said "all right." I telephoned, or asked some one in the bank to telephone Mr. Frick, and he came right over, and he was of the same opinion as I, very positive that we did not want it. Mr. Frick and I had talked about it before. Mr. Frick, you understand, has always been considered a practical man, so far as the iron

and steel industry is concerned. Mr. Roberts was not with us at that time; Mr. Percival Roberts had retired from the directorate years before. Mr. Frick had had the largest experience in that branch of the business of any one on the committee, and besides, of course, it goes without saying, was a man of great ability and great business experience generally. He came over and he and I both agreed, and Mr. Morgan simply dropped it. Mr. Morgan was a peculiar man in regard to these things. If a thing was offered to our company through him, for instance, at any time, he would simply present the offer for us to consider and take our opinion and be perfectly satisfied, and not assume to form a conclusion of his own in regard to these matters, as he was not familiar with them. That was his disposition, and that was his attitude on that day.

Q. Just there, for a collateral inquiry, had Mr Frick been active in the management of the Corporation after taking over the Sharon-Union Company?

A. Always very active.

Q. You spoke of Mr. Roberts. I think you have already stated that he was a practical steel man?

A. Yes.

Q. But you had him in the beginning on the board?

A. We had.

Q. When did he go out, with reference to the time Mr. Frick came in?

A. I wish I could give the exact date, but I think it was 1904.

Q. May, 1902, wasn't it?

A. Yes. I consider Mr. Percival Roberts as one of the most competent men in the iron and steel industry in this country. I am not dealing in words of praise, but stating facts. There is no man in this country better qualified to speak with reference to the iron and steel industry than Mr. Percival Roberts.

Q. Had he any connection with the management there, as a director or member of the finance committee, after he retired in May, 1902, until recent years?

A. No.

Q. When did he come back into the company, into the management?

A. He came back two or three years ago; I can not give you the exact date. I know we were very glad to get him back, I will say that, and tried many times.

Q. I wanted to see what steel men you had during this interval; whether there was any man with the experience of Mr. Roberts and Mr. Frick, except Mr. Frick, during that period.

A. No.

Q. When was this interview with Mr. Morgan at which you called in Mr. Frick and met Mr. Kessler?

A. I wish I could give the date, but I should think it was some time during 1907; I am not certain of it.

Q. You could not approximate the length of time between that and the events of the following November?

A. You see it is easy to be mistaken; I should think it would be within six months.

Q. Something like that?

A. My best recollection would be within six months, but I might be mistaken.

Q. Now, I think the Corporation made a loan on the Tennessee Coal & Iron stock in October, 1907, did it not?

A. Yes.

Q. Do you remember the amount of the loan?

A. Twelve hundred thousand dollars.

Q. One million two hundred thousand dollars?

A. Yes.

Q. How came the Corporation to make that, if you recall? I do not want to go into much detail about it.

A. All I know about it is that some one from Mr. Morgan's asked me to come over there, and it was stated to me that Moore & Schley were desirous of borrowing twelve hundred thousand dollars, and offered as security Tennessee Coal & Iron stock. I rather objected to it at first, but finally, after a little discussion, I agreed. I think we were loaning some money at that time; I might be mistaken about that, but for a period of years we did loan some money out of our surplus. We discontinued that, I think, about that time, but we had loaned several millions of dollars at different times on differ-

ent securities in order to get a little higher rate of interest on our surplus money, and Mr. Morgan's people knew that. Anyhow, I finally agreed to loan twelve hundred thousand dollars on two millions par value of the Tennessee Coal & Iron stock at sixty. I say I agreed to lend the money. On reflection, I did not lend the money; I loaned our bonds, United States Steel bonds, at par value. We had them in the treasury at that time. It was not because we wanted to get the interest, I think, at all, but on reflection, I do not believe that was the motive, because I remember that I agreed to loan twelve hundred thousand dollars par value of our bonds for two millions of the Tennessee Coal & Iron stock.

Q. At par?

A. At par, with an agreement that if the bonds were not returned to us within a certain time the Tennessee Coal & Iron stock should become our property. I risked purchasing Coal & Iron stock at 60. I believe that is the substance of the transaction, but this was in writing, we had a written agreement, and the agreement would speak for itself.

MR. LINDABURY: I do not know whether the Government has put it in evidence.

MR. COLTON: We have the substance of the agreement, if not the entire agreement.

THE WITNESS: The agreement itself was put in before the Stanley Committee.

MR. COLTON: I think the same thing was put in in connection with Mr. Topping's examination.

THE WITNESS: I had in mind the Stanley investigation, where I think it was introduced in evidence.

(Thereupon a recess was taken until 2 o'clock p. m.)

AFTER RECESS

ELBERT H. GARY

the witness under examination at the taking of recess, resumed the stand.

DIRECT EXAMINATION (Continued).

By Mr. Lindabury:

Q. When was the Tennessee Coal & Iron situation next brought to your attention, and how and by whom?

A. In the midst of the great panic of 1907, by Mr. Morgan.

Q. Please state what he said. Were you alone with him, or was there some one else in the party? No matter; if you do not remember.

A. The conversation was at Mr. Morgan's library. You remember probably what occurred here in New York at that time concerning financial conditions.

Q. And there were meetings, I think witnesses have already said, of various financial men at Mr. Morgan's library?

A. Yes.

Q. That is where?

A. That is adjacent to where he resided, on the corner of Madison Avenue and 37th Street, I think. The leading bankers and others had requested Mr. Morgan to lead some movement, or join in some action or attitude which might allay the terrible panic then prevailing and which was increasing in its force. The first meeting or two were held down town at Wall and Broad Streets, but after that, the meetings were held at the library, day and night, literally, and there were present at those meetings a great many bankers; and on this particular occasion there were a number of people in the library building; it would be impossible for me to say at this time how many. My conversation was with Mr. Morgan, as I remember.

Q. Before giving that, I will ask you if you recall the da

of the week or the month when Mr. Morgan first spoke to you about it.

A. I do not, but I think it might have been Friday; it might have been a day earlier or it might have been a day later. I remember going to Washington Sunday night or early Monday morning.

Q. About how many days was it before the time you went to Washington?

A. It would be impossible for me to say at this time.

Q. I mean approximately.

A. Two or three days, I will say.

Q. That is near enough. Now, will you give the conversation?

MR. DICKINSON: I object to that as incompetent.

THE WITNESS: Mr. Morgan said that men interested in the securities of the Tennessee Coal & Iron were desirous of selling a majority, at least, of the stock of that company; that it was represented to him that the control of that majority was in the hands of Moore & Schley, who were so-called general bankers and brokers of this city; that a large amount of these securities were pledged at some bank or banks, and that the loans were being called, or at least it was insisted that something must be done to relieve the loans; that financial conditions, so Mr. Morgan stated, in New York and elsewhere were such at that time that it was very difficult to relieve the situation; that conditions were growing worse; that additional complications might be precipitated at any time that would make the panic develop to a crisis, and he believed the purchase of these securities by the Steel Corporation at that time in cash or something that was cashable, something as good as cash, was advisable; that there was great danger of a disaster, and he would not undertake to say what might happen, and he believed at that time the only possible way of relieving the situation and preventing the spreading of the panic into a complete disaster was the purchase of these securities by the Steel Corporation. He said he did not know whether we could make the purchase or not, whether we would think it desirable to make the purchase or not, but he certainly would like to have us give the matter very careful consideration, to see if it was a practicable proposition, and that

he would like to have me take up the matter with Mr. Ledyard, a lawyer of prominence in New York City, who represented, as I understood, the proposed sellers of the securities in question.

Q. Was Mr. Ledyard there on that occasion among the other gentlemen?

A. Mr. Ledyard was there and Mr. Schley was there also.

Q. Did you talk with either of these gentlemen after this conversation with Mr. Morgan?

A. I did. My conversation was mostly with Mr. Ledyard. I had a very little conversation with Mr. Schley at that time or during the negotiations. I saw him several times, but my conversation was largely, if not altogether, with Mr. Ledyard. Anyhow my dealings were with Mr. Ledyard.

Q. Please state what conversation you had with Mr. Ledyard at that time, not later, but I mean immediately thereafter.

A. Mr. Ledyard was present I think very soon after the time I met Mr. Morgan, that is my recollection, and participated in this conversation; before I left Mr. Morgan I am sure Mr. Ledyard was there and Mr. Ledyard corroborated and emphasized what Mr. Morgan said very emphatically in his statement that Moore & Schley could not get relief, in every way possible, and stated they were very anxious to get this relief.

Q. And what was his proposal?

A. His proposal, as I remember it, was to sell the majority of the stock of the Tennessee Coal & Iron Company to the United States Steel Corporation. That was the first proposition. We had a good deal of conversation about the subject. I cannot, of course, remember all the details. The first thing I did after that, as I remember it, was to telephone Mr. Frick.

Q. I did not want that just yet.

A. Very well.

Q. I wanted to be sure that you had stated whatever you might remember of the conversation with Mr. Ledyard. If there is anything more, if there was any discussion as to prices, or any statement by him as to price, I would be glad to have you state it; I do not remember whether there was or not, of course.

A. It is difficult for me to state now accurately just when the different conversations occurred. I had a good deal of conversation with Mr. Ledyard about price. I think I had a good deal of conversation with him before I saw Mr. Frick at all, to my best recollection. I stated as I recollected it that we did not want to buy those securities, we did not want the properties; and I asked him how much they asked for the stock. I do not exactly remember the price first asked, but while I am satisfied from testimony that Mr. Ledyard has given since——

MR. DICKINSON: I think you had better confine your answers to what you know and not what somebody else testified.

THE WITNESS: If you will allow me, I think this is important, Judge Dickinson.

MR. DICKINSON: I do not think it is competent though for you to state what testimony Mr. Ledyard gave.

THE WITNESS: Allow me to state it and if it is not you can move to strike it out.

MR. DICKINSON: I object to it as hearsay, anything of that sort.

THE WITNESS: I wanted to make this point: My recollection is that in the conversation Mr. Ledyard and I tentatively agreed upon a price which would net the stockholders of the Tennessee Coal & Iron 90 for the stock. I believe he does not agree with me as to that. That is my recollection of it. I cannot change that. By saying "tentatively agreed" I mean in the sense of saying that they would take as low as that, and my saying that certainly would be as high as under any circumstances I would agree to. I told him the stock was not worth above a certain figure, which was very much below that to my best judgment.

Q. Do you mean that you agreed to make the purchase if they would take 90?

A. No, I do not mean I made any agreement at all. I did not make any agreement.

MR. DICKINSON: Has he stated what price he told Mr. Ledyard?

THE WITNESS: It seems to me it was fifty. It seems to me I told him I did not consider the stock was worth over 50;

that is my best judgment. That is my recollection of what I told him.

By Mr. Lindabury:

Q. I find in the minutes of the finance committee under date of November 2nd, 1907, no hour named, the following:

"The subject matter of the purchase of the properties of the Tennessee Coal, Iron & Railroad Company on terms suggested was fully discussed and thereupon the meeting adjourned without action."

Do you remember that meeting? The minutes show another meeting on that day.

A. Will you tell me what took place at the next meeting, as shown by the minutes? You see I may not get these conversations in the chronological order.

Q. The next meeting was at nine o'clock p. m. of that day, and the minute is exactly the same; that is, that the subject matter of the purchase of the properties of the Tennessee Coal & Iron Company on terms suggested was fully discussed, and thereupon the meeting adjourned without action. That is the minute of both meetings held on that day.

A. Is there another meeting at which it is referred to before the purchase was consummated?

Q. Yes. The minutes of both of the meetings on that day are identical, you see.

A. Yes. What day of the month would Sunday be?

Mr. Colton: Sunday was the 4th.

By Mr. Lindabury:

Q. I will give you this a little further on, to refresh your memory:

Under date of November 3 there is a minute of a meeting —you see you are wrong, Mr. Colton, about the 4th being Sunday, because this says Sunday was the 3rd.

Mr. Colton: Yes; I see. That is right.

By Mr. Lindabury:

Q. Under date of November 3 it is recited that a meeting was held on Sunday, November 3, 1907, at eleven o'clock a. m.; present, Messrs. Gary, Baker, Frick, Perkins and J. P.

Morgan by request; and the record of that meeting is identical with that of the two meetings held the day before.

It also appears by the minutes of the meetings of the 2nd that the same gentlemen were present including Mr. Morgan by request, except that Mr. Ream was present at the first meeting, but not at the second or third.

There is another minute of another meeting on November 3, Sunday, at nine o'clock, p. m., at which were present Messrs. Gary, Baker, Frick, Perkins, Ream and J. P. Morgan by request. This included all who were present at the first meeting and Mr. Ream who was not present at the second and third meetings.

At this fourth meeting, held at nine o'clock on Sunday, the minute is different, and reads as follows:

"Resolved, to recommend to the board the purchase of the properties of the Tennessee Coal, Iron & Railroad Company, on terms suggested, and that the whole subject matter be referred to the chairman with power."

That is the last meeting prior to the one held at six o'clock Monday, November 4. That gives you the chronology.

Now, my question is: When this first meeting with Mr. Morgan, followed by the meeting with Mr. Ledyard was, with reference to this first meeting recorded on November 2nd, Saturday?

A. Prior to the first meeting.

Q. The day before, you think?

A. Yes. I remember the circumstances very well, and I remember the substance of what took place, I think, very well; but to say just when any particular conversation occurred in regard to price, would be more difficult for me.

Q. I understand. It is unimportant, Judge.

Now, I understand that after this first talk with Mr. Ledyard, or possibly before—I do not know—you telephoned to Mr. Frick?

A. Yes; after I had talked with Mr. Ledyard at considerable length I telephoned Mr. Frick.

MR. DICKINSON: Was that on the first?

THE WITNESS: On Friday, I think.

MR. LINDABURY: That would be the 1st.

MR. DICKINSON: Yes.

By Mr. Lindabury:

Q. At any rate, that was before this first meeting of the board?

A. Yes; the first meeting of the finance committee to consider the subject.

Q. As you recall, it was about a day before?

A. I think so. Mr. Frick came to the library——

Q. Was that conversation in the library?

A. Yes. Do the minutes show the hour of the day of the first meeting of the finance committee to consider the subject?

Q. No. It gives the hour of each subsequent one, but not that.

A. The first meeting was on Saturday, was it not?

Q. Yes.

A. Subject to correction I want to say that I believe I saw Mr. Morgan first and Mr. Ledyard on Friday. I think I telephoned Mr. Frick early Saturday morning to come to the library. Anyhow, whenever it was, I did telephone him, and he came there, and I stated to him briefly the circumstances of the conversation I had had, what Mr. Morgan had said, and while I am not certain Mr. Morgan was in the room at the time, I believe Mr. Frick had some conversation with Mr. Morgan in my presence. Mr. Morgan repeated to Mr. Frick what he had said to me. Mr. Frick was opposed to the purchase, as I was, and said that he did not think the stock was very valuable; not above the price that I had stated, whatever it was—it seems to me it was fifty; and Mr. Frick suggested that we offer to loan the firm of Moore & Schley $5,000,000, on security to be agreed upon, of course.

After that I had some conversation with Mr. Ledyard, and made that suggestion to him, and he said he would talk to Mr. Schley about it and let me know the result. After that he reported that $5,000,000 would not answer their purposes to save the situation or save Moore & Schley. Mr. Ledyard of course was very emphatic in his statement that Moore & Schley would fail unless they got relief, and also that their failure would probably cause a good many other failures, and I went back to the finance committee and reported that. I think after my first conversation with Mr. Frick, in which he

suggested the loan of $5,000,000, I got the finance committee together at Mr. Morgan's, and they considered, or at least they discussed and considered this question of loaning $5,000,000, and after that meeting I saw Mr. Ledyard, and it was between that meeting and the next meeting that Mr. Ledyard reported that that would not answer their purposes, and I got the finance committee together then and stated the result.

Q. Well, then, when did you take the matter up again with Mr. Ledyard or anybody else on behalf of the sellers or the proposed sellers?

A. Then I saw Mr. Ledyard again. Of course he was waiting there all the time, he and Mr. Schley with him, very anxious and waiting to get word from me as to what we would do. It is quite likely that it was after that that Mr. Ledyard and I had different conversations in regard to this price of 90, I believe it was, instead of the first conversation, before I had seen Mr. Frick.

You see, I was broken off a little from what I was intending to say. After my conversation with Mr. Frick, then I called a meeting of the finance committee and reported to that committee exactly what had taken place, exactly what the situation was, and Mr. Frick suggested to the members of the committee what he had suggested to me, the loan of $5,000,000, but it seemed that they did not take any official action—at least from what you read I judge they did not—but it was the consensus of opinion as expressed that they would make that loan. After that, then, I saw Mr. Ledyard and suggested this loan and received his report that that would not answer their purposes, that there was no possible way—Mr. Ledyard was very emphatic in saying that there was no possible way—of affording relief to Moore & Schley except by the purchase of the Tennessee Coal & Iron stock which Moore & Schley had, and after that we negotiated with reference to the price, and as I remember, he said he would recommend the acceptance of 90, and I said I would recommend the purchase at 90 in order to relieve the situation.

Q. But that was all after the first conversation?

A. That was all reported to the finance committee, and the committee were satisfied, at least the opinions were ex-

pressed, that they thought that was satisfactory under the circumstances, and when I conferred with Mr. Ledyard he went back to Mr. Schley and conferred with him. Then Mr. Ledyard reported to me that they could not possibly get through on that basis, and there was considerable discussion over the situation, a good deal of discussion. I asked Mr. Ledyard to ascertain what price would let them out, so to speak, or at least enable them to get through, and he finally said 100, that is to say, Tennessee Coal & Iron stock at 100, paid in our bonds which we were proposing to pay in, and they were selling at about 84, which would make about 120 for the Tennessee Coal & Iron, assuming our bonds to have been worth par.

I finally reported that to the finance committee. Before that time, I should think soon before or soon after the first meeting of the finance committee, I said to Mr. Morgan that I thought it would be necessary to confer with the President of the United States in regard to this purchase before we reached any conclusion, and we had some conversation on that subject, and I told Mr. Morgan I would not be willing to vote in favor of the purchase on any basis without conferring with the President of the United States.

Q. Did you say why?

A. Yes, I told him why. He wanted to know. He asked me if the President of the United States had a right to say whether we should buy this or not, and I said, perhaps not stating it in just that way, that the President of the United States might have a good deal to say about the purchase if we made it, and certainly might influence a suit, a bill in equity, to prevent the consummation of the sale, and in that case more harm than good would be done to the general situation. While the President of the United States could not say that we might purchase this or that we should not purchase this property, yet I believed inasmuch as he had the general direction of the law department of the United States certainly we ought to know what would be the attitude of the administration in case we did buy this property. He said under those circumstances he saw nothing to do but to confer with the President of the United States.

Q. Did you arrange for anybody to go with you?

A. I did. I suggested that Mr. Frick go with me, and that was understood. You must remember that I say I may be mistaken as to the exact hours when these different conversations occurred.

Q. That is natural, of course, but before going to Washington, or deciding to go to Washington had you agreed with Mr. Ledyard on a purchase at a price subject to what might develop at Washington, or had you not?

A. Yes. I had said to him——

MR. DICKINSON: I object to that as irrelevant and incompetent.

By MR. LINDABURY:

Q. That is to Mr. Ledyard?

A. Yes. We finally agreed upon the price which I had stated, which was that he would recommend and insist upon it, and I had conferred with our finance committee and they had left the matter in my hands, but I stated to Mr. Ledyard the substance of what I had said to Mr. Morgan concerning the President of the United States, and informed him that all the negotiations must remain unclosed until after we had conferred with the President of the United States. The finance committee understood that also, and everyone agreed to that so far as I understood.

Q. How much stock was thus offered to you?

A. More than a majority.

Q. Was the exact amount stated?

A. I think it was, because I remember we insisted that the figures must be verified.

Q. Are you able to recall now just what the number of shares offered was, or not?

A. I think about 157 or 158 thousand shares, more than a majority, anyway. If those figures are wrong, I say more than a majority.

Q. Where was that stock represented to be?

A. In the office of Moore & Schley, among the assets of Moore & Schley, in the office of Moore & Schley, or in the banks, pledged by them. I understood a very large portion of it at least was pledged at the banks, put up as collateral.

Q. I meant to inquire among whose assets it was repre-

sented to be; did you have any talk with Mr. Schley; I think you alluded to some talk.

A. I had some talk with Mr. Schley.

Q. Any talk with him as to where the stock was or the amount to be offered?

A. Yes, I did at that time.

Q. What did he say?

A. He gave the amount of stock, he stated what it was, and stated where it was, and was very emphatic in saying that he had got to have help and have it mighty soon.

Q. Did you take any means to verify Mr. Schley's statement as to the amount of the Tennessee Coal & Iron stock that was among these assets at that time, and as to his financial situation, that is, as to how it was pledged?

A. Yes, sir.

Q. Well, what?

A. I asked some representative of Morgan's; it does not seem to me that it was Mr. Morgan himself, but someone, anyhow, to have an examination made, and they sent a representative to make inquiries.

MR. DICKINSON: I object to that as hearsay.

By MR. LINDABURY:

Q. Do you remember the object of the examination, what it was that you wanted to find out?

A. It was to find out what securities, how much Tennessee Coal & Iron Moore & Schley had, and where it was, where it was pledged, and for what sum it was pledged, and the financial condition of Moore & Schley, in order to determine whether or not the statements which had been made in regard to the financial condition were accurate, it having been represented to us that the banks were disposed to call the loans, and that that would add fuel to the flame of the financial panic, and that our purchase of these stocks by turning over cash or the bonds of the Steel Corporation which were as good as cash at a certain price would relieve the situation; of course we wanted to know. We had no thought——

MR. DICKINSON: I object to his stating what his thoughts were.

THE WITNESS: Nothing was said by any of us. The ques-

tion was not considered by any of us of purchasing these securities except for the purpose of relieving the financial strain.

MR. DICKINSON: I object to that as the conclusion of the witness, not showing what was said and by whom said.

By MR. LINDABURY:

Q. Proceed.

A. We decided to make this purchase in order to relieve Moore & Schley from the difficulty they represented themselves to be in and prevent absolute failure on their part, in order to relieve the extreme financial situation, which was a panic in the true sense of the word panic. The bankers were panic stricken, and at that particular time anything like the calling and compelling forcible payment of a loan anything like Moore & Schley's, the sale of their securities, or any substantial part of their securities, in order to make payment of a loan was certain to very greatly increase the feeling of great anxiety and panic which in this city was extreme and growing worse all the time and had extended to many other cities throughout the country, and for no other reason.

Q. Was the Moore & Schley situation the only thing at that time requiring the attention of the bankers?

A. No; on the contrary, after the panic was fairly on its way, to use that expression, after the runs on several banks had been started, at least on one or more banks, the leading bankers of this city, outside of the Morgan firm, requested Mr. Morgan to lead in a movement to try and check the panic, to try and overcome the difficulties, to try to stay the progress of the panic; and themselves pledged quite a large sum of money which might be loaned on the Stock Exchange or elsewhere for the purposes suggested.

I was present in Mr. Morgan's bank, I think, when the first subscription outside of the Morgan firm was made. I may not have stated, and if not, I will say that Mr. Morgan finally, although reluctantly, consented to act in the capacity of leader in this movement. I know, I was present, I heard the conversation. We were very much interested in that panic ourselves, as you may imagine, with hundreds of millions of accounts out against different people all over the country.

The different bankers came in and subscribed to that fund, and soon after the meetings were held at the library night and day. I was there a good deal of the time. I know a good deal that occurred. I know the meetings were attended by many, many bankers of this city, and they were all trying to do everything they possibly could. They raised many millions of dollars to loan to the different banks that were in trouble. I remember having personal connection with one of those things, because the bankers were so busy, some in one place and some in another.

I was present at the library when the different banking people, representatives of different banks who were in trouble, some actually and some who supposed they were in trouble, approached the bankers through Mr. Morgan's firm to loan these different banks money to pay out over their counters in order to keep from closing their doors.

Q. Was there much sleeping among the bankers gathered there that Saturday and Sunday night?

A. Very little, I will tell you; very little.

Q. About how many were there, do you remember?

A. As you enter the library there is one room about half as large as this room, and at the right is the large library room, say a room 40 or 45 feet wide, and 50 or 55 feet in length; and at the left of this entrance room is the room which Mr. Morgan usually occupied as a private office, quite a large room, also about half as large as this room. Then, as you enter the building, to go through the main entrance, you go into another office occupied by the librarians and so forth. I have seen, during the time you have referred to, all of those rooms filled with men.

Q. And up to what hour in the morning?

A. Oh, well, all night and all day, practically.

Q. Judge, was the Stock Exchange in any trouble during that period?

A. Of course.

Q. How much money had these gentlemen to raise for that, if you recall?

A. I have forgotten the amount, now.

Q. Was it large?

A. Large sums; many millions. I remember hearing Mr. Morgan say to some of his men one day——

MR. DICKINSON: I object to that as hearsay.

THE WITNESS: (Continuing) "Take $25,000,000 over to the Stock Exchange and loan it all if necessary."

By MR. LINDABURY:

Q. And the trust companies, were they in trouble?

A. Very much.

Q. Was money raised for them?

A. Yes; a great deal. I got a million dollars for one trust company from this fund. I was not interested in that Trust Co.

Q. Do you remember what group furnished that—how the trust company situation was taken care of?

A. It seems to me a committee of trust company presidents was formed. I do not remember those details now.

Q. I do not care for the details. Who led in that? Who arranged that?

A. Mr. Morgan.

Mr. Morgan was the one great figure that stood up there and held the situation. I do not exaggerate at all in saying that he was the one man and the only man in this city, or anywhere else, who did or who could stand up at that time and, by reason of his great strength and his wealth and his influence over the bankers and the confidence which they had in him, prevent utter demoralization, and he did that; he arose to that occasion as no man probably will ever rise again. I am not exaggerating it; I can not adequately express what he did and what the situation was at that time.

Q. Was there any stipulation before you and Mr. Frick went to Washington as to what would be done with regard to the trust company situation if the Steel Corporation took care of the Moore & Schley situation?

MR. DICKINSON: I object to that as incompetent, and irrelevant.

MR. LINDABURY: I think it is highly relevant.

THE WITNESS: I am very sure there was; I do not remember the details now.

By MR. LINDABURY:

Q. And Mr. Frick's part in it—I do not know whether you recall it?

A. I remember Mr. Frick insisting that something should be done, so that we could be absolutely satisfied, if we did this one thing which we were asked to do, that that would relieve the general situation. He insisted upon that, and it was done. The details I have forgotten at this time.

Q. Did you receive any report as to the examination of the Moore & Schley books before you went to Washington?

A. We did; we received a report which satisfied us——

MR. DICKINSON: I object to his stating that it satisfied them. He can state what the report showed.

THE WITNESS: (Continuing) We received a report which satisfied us that the facts were as represented.

MR. DICKINSON: I renew the objection, now that the answer is completed.

MR. LINDABURY: I thought you were particularly nice and good the other day in reserving your objections until after the witness had finished his answer.

MR. DICKINSON: Well, I will tell you; that entails so much time going over and putting in these things that really I thought there was nothing saved by it.

MR. LINDABURY: Would it be quite as agreeable to you to reserve the objection until the witness has finished his answer?

MR. DICKINSON: I thought he had, and that is why I suggest to put it in at the end. I can not always tell. Sometimes he gets his second wind on me.

MR. LINDABURY: I sometimes have started the question between the first and second.

(By request, the stenographer repeated the pending question and answer.)

MR. DICKINSON: That is objected to as being a conclusion of the witness, and as incompetent; that the best evidence is the report itself.

By MR. LINDABURY:

Q. Through what channel did the report of the examination reach you?

A. It came to me, as I think, from J. P. Morgan & Company, and it seems to me that Mr. Morgan himself showed me the report. He had a report which stated the indebtedness

of Moore & Schley, the amount of securities they had, and I think the securities which were deposited at the banks. I mean not only the Tennessee Coal & Iron securities, but the other securities, but I might be mistaken in regard to that. Anyhow, the condition of Moore & Schley, so far as it applied to the question we were considering, was shown on the report.

MR. DICKINSON: This is objected to as incompetent, because it states the contents of a paper which was in the hands of J. P. Morgan, the loss of which has not been accounted for, and then it states a conclusion of the witness with regard to Moore & Schley, and not facts which appeared upon the face of the paper.

By MR. LINDABURY:

Q. I think you have stated that it showed the securities that Moore & Schley had. I am not sure whether you intended by that to cover the amount of the Tennessee Coal & Iron stock.

A. Yes, I stated specifically that it covered that.

Q. Do you recall whether or not that report as shown to you bore out the statement that Mr. Schley or Mr. Ledyard had previously made to you with regard to the situation, the amount of stock that was among the assets of Moore & Schley and the extent to which that firm would be relieved by the carrying out of the transaction.

MR. DICKINSON: This is excepted to because it does not call for what the instrument showed, but a conclusion of the witness, and as to what his judgment was, reached from the facts shown, and the facts themselves not being testified to.

A. I do recall. I know it did. I may not be able to give you specific figures. Of course I knew them then, and I knew them accurately. We were not interested in any other question except the question whether or not the purchase of these securities would relieve the financial situation. Of course, my mind was directed to those figures by the report as to this condition, and so were the rest of the members of our committee. We kept our finance committee in the library all the time, or practically all the time, so we could meet whenever occasion required. It was a very critical time, and we did not have a minute to waste. We all understood that.

MR. DICKINSON: I move to strike out all the answer as not responsive to the question, being volunteered by the witness, and not called for.

MR. LINDABURY: I will accept the answer as an answer to my question without repeating the question.

By MR. LINDABURY:

Q. What time did you and Mr. Frick arrive in Washington and see the President on Monday morning?

A. May I state that Sunday night, immediately after we had all decided to conclude this purchase and sale, and it was agreed that the President should be visited, I called up the President's secretary, I believe at his residence, and asked for an appointment with the President on the following morning. I told him some of us desired to consult the President on a matter we considered very important and connected with the panic, and he said he would ascertain and let me know. An appointment was finally made, as I remember, for ten o'clock the next morning. Mr. Frick and I left on a special, I think, about one o'clock Monday morning. I would not undertake to be accurate as to the hour. We arrived in Washington early in the morning, probably about seven o'clock, and about half-past eight o'clock I suggested to Mr. Frick we might possibly be able to see the President before ten o'clock. Time, as I have said, was very important, and I knew from Mr. Morgan, from him and from the other bankers—I had talked with them—that they were very anxious to know as soon as they possibly could, what our conclusion would be; so we went to the President's office, and found Mr. Loeb, and got immediate access to his office, and asked him if we could see the President immediately. He replied that we could not; that the President was not in the habit of receiving anyone before ten o'clock; that he had made the appointment as early as he could. He said he knew the President just then was at breakfast, as I remember. I told him we considered time very important, and asked him if as a special favor he would go and see the President and tell him that Mr. Frick and I were in his office, and were desirous of seeing him as early as possible, and believed it was necessary for us to see him at once. Mr. Loeb went to see the President, and the President came

back with him, and we were in the President's room very soon after nine o'clock.

Q. Was anybody with the President at the beginning of the interview?

A. No one except Mr. Loeb and Mr. Frick and myself.

Q. Was anyone sent for by the President?

A. Yes.

Q. Who?

A. He sent for Mr. Root, then Secretary of State, finally; he mentioned Mr. Bonaparte, but Mr. Bonaparte, as I recall, was not in the city. Mr. Bonaparte was Attorney General.

Q. Did he send for Mr. Root early in the interview?

A. He did.

Q. Mr. Root then was in the Cabinet, was he not?

A. He was; he was Secretary of State.

Q. And how soon did Mr. Root arrive?

A. He came over immediately.

Q. Now you may tell what took place at or before Mr. Root's arrival; if anything important took place before Mr. Root's arrival, state it, of course, and the whole interview; I mean in so far as it bore on the question that took you there.

A. All that took place, as I recall, took place in the presence of Mr. Root, or, if we had talked about the matter before he arrived, it was repeated.

Q. Then proceed in your own way, and give us the interview.

A. We stated to the President——

MR. DICKINSON: Would you mind saying who; you say we?

A. I did the talking.

MR. DICKINSON: I suppose you want that, Mr. Lindabury, don't you?

MR. LINDABURY: No objection.

THE WITNESS: (Continuing) I did the talking. Mr. Frick sat by my side. I stated to the President that we had been offered a majority of the stock of the Tennessee Coal & Iron Company; that I did not believe, from our standpoint, that it was a good business proposition; at least we would not buy

the stock if we were considering only our own pecuniary interest; that this stock was in the hands of an important business firm in New York City who had pledged all, or a large portion of the stock as collateral for loans at a bank, or some of the banks; that it was represented to us a purchase of these securities in the hands of this firm by us for cash or its equivalent was absolutely necessary to save the firm from failure, and that many of the leading bankers in New York City who had been assembled at Mr. Morgan's library for some time had stated to Mr. Frick and myself and others that the purchase of these securities was necessary to relieve the situation, the financial situation, and that it was their opinion unless this purchase was made, and made very promptly, in their opinion there might, and would be, very serious results; that the situation here was very critical and growing worse, and the bankers believed if we made this purchase the situation would be relieved, and conditions would begin to improve. Of course, there was considerable conversation. In fact, we were there until ten o'clock, although I telephoned to New York just before ten.

Mr. Root asked a good many questions. The President asked a good many questions. Mr. Root said to the President: "You have no right to consent to this sale or purchase; you have no legal right. What your attitude may be, I should think, is a question of policy," and I believe Mr. Root expressed an opinion as to what he thought would be a good policy, although I may be mistaken as to that. That is my best recollection. The President talked about the panic, talked about the situation here, and mentioned the fact that he had talked with Mr. Cortelyou and others about it, and was generally advised in regard to the panic, and finally said that he would not be disposed to make any objection to this sale and purchase. He then called in a stenographer and dictated all or the most, at least, of a letter to the Attorney General, I think it was, on the subject.

Q. It is charged in the petition in this cause that you and Mr. Frick failed to fully disclose all the facts to the President in regard to the Tennessee stock, its ownership, and the amount of money estimated as necessary to relieve Moore & Schley. What do you say to that charge?

A. I say it is not true.

Q. It is also said: "Nor was it true that said Schley had among his assets a majority or anything approximating it." That is, of the Tennessee Coal & Iron stock. Did you ever represent that Schley, as an individual, had?

A. I did not.

Q. Was it untrue that Moore & Schley had the same, as you were informed and then understood?

A. No. It is not conceivable that either Mr. Frick or I would misrepresent any fact to the President of the United States.

Q. Did you withhold any material fact bearing on the situation about which you visited him, as you understood it?

A. No.

Q. Did you misrepresent to him any fact regarding the situation, whether material or immaterial?

A. Certainly not.

Q. After the statements by the President that you have given us, it was, I suppose, that you telephoned?

A. It was. I knew, because I was informed, how critical the situation was, and how necessary it was to have the earliest information of the conclusion which Mr. Frick and I would reach, I having stated that I would not vote in favor of this purchase without knowing the attitude of the President of the United States. Some few minutes before ten o'clock I asked the Secretary of the President to get into communication with the firm of J. Pierpont Morgan & Company by long distance telephone, and keep the wire open until I could telephone; and so soon as I ascertained the attitude of the President, before he had finished dictating his letter to Mr. Bonaparte, I telephoned J. Pierpont Morgan & Company the substance of what was the attitude of the President of the United States, and that Mr. Frick and I would vote in favor of the purchase of the stock.

Q. Without going into any detail whatever, I will ask you, you and Mr. Frick returned and the purchase was carried out upon the terms tentatively agreed upon the day before?

A. Yes. I think, although I am not certain, that a meeting of the finance committee was held pretty soon after we returned, although the subject matter, I believe, had been referred to me, with power, by the finance committee. Mr.

Lindabury, it just occurs to me that during these negotiations with Mr. Ledyard, participated in to some extent by Mr. Schley, at my request, Mr. Topping, the president of the Tennessee Coal & Iron, was sent for in order to ascertain various facts from him in regard to the company, and I asked our comptroller, and perhaps the treasurer, to examine the books of the Tennessee Coal & Iron Company, more or less to try and verify statements that had been made in regard to the property, and I remember holding one meeting some time during the day or night, I do not know what night it was, at my apartment, when some of the Tennessee Coal & Iron people were there. We were going through these matters. In other words, from the beginning, we were doing everything we could to ascertain all the facts in regard to the company because, of course, while the relief of the financial situation was the thing, the only thing that moved us, yet so far as we could, we were endeavoring to protect the stockholders of the United States Steel Corporation, in the hope that eventually, at least, there would be no loss to the stockholders, that they would get out of it whole. That is volunteered.

Q. I am very glad you did that. Mr. Gayley has testified that you consulted with him also with regard to the ores of the Tennessee Coal & Iron Company.

A. Yes.

Q. Perhaps he said the whole property, but I remember the ores.

A. Well, I wanted to know particularly a little more about the analysis of the ores, and what it would cost to smelt them, and so forth, and how they laid.

Q. Do you recall consulting him?

A. Yes, I do.

MR. DICKINSON: I would like to ask, I have no right to ask it, but it may avoid some question in the future, whether these interviews with Mr. Topping were before or after you went to Washington.

THE WITNESS: I can not answer definitely; I can not be sure exactly, but about that time, I should think. It might have been Saturday, and it might have been Monday night.

MR. LINDABURY: Of course I do not mean to inform the

witness, but I think Mr. Topping covered it, but maybe he did not give the date. He testified about it, as I recall.

THE WITNESS: It was before we closed up.

MR. LINDABURY: My recollection is not certain, but I am quite sure he alluded to it.

By MR. LINDABURY:

Q. Judge, I have finished on this subject, but if you have anything else with regard to it you wish to state, please state it.

A. I do not think of anything at this time.

Q. When was your attention first called to the existence of agreements between steel or iron manufacturers affecting prices or output or percentages of output, whether in the form of pools or otherwise?

A. You mean when did I first hear about them?

Q. That is right.

A. I heard something about them certainly as early as the fall of 1897, when I was more or less connected with an effort to get together under one ownership some of the wire companies of the country. I knew by hearsay that there were, or had been, so-called pools in existence prior to that time. I knew that Senator Hoar, who was active, at least, in the preparation of the Sherman Law, was attorney for some of the wire companies, and had given them a written opinion on the subject of what agreements they could enter into without violating that law.

Mr. Dickinson: I object to that as irrelevant, incompetent and immaterial.

THE WITNESS: (Continuing) And I knew he had given that written opinion to various wire companies, including the Washburn & Moen Company and the Roebling Company and some other wire companies, that they had a right to enter into these arrangements for the maintenance of prices, and so forth, without violating the Sherman Law.

MR. DICKINSON: Let me enter an objection there. This is objected to because it undertakes to give a conclusion of what Senator Hoar advised, without producing his opinion or showing knowledge of the contents, and then because it shows his approval of certain arrangements, and does not show what those arrangements were.

MR. LINDABURY: We cannot prove the whole case at once.

MR. DICKINSON: No. I thought I would give you a chance to prove that.

MR. LINDABURY: That is what I am going to try to do now.

By MR. LINDABURY:

Q. You saw a copy of this opinion, Judge?

A. Yes, I did.

Q. Do you say it was passed around or among or given to various of the steel manufacturers?

A. It was.

Q. And do you know whether or not these gentlemen were operating pools or agreements at this time you speak of on the lines of that opinion?

MR. DICKINSON: I object to this, because it is not shown what the opinion was, its loss is not accounted for, and any evidence in regard to its contents or questions in regard to it are secondary and incompetent.

MR. LINDABURY: In answer to that I will state to counsel that I will produce the opinion, so we won't be troubled about that.

A. I do not know of my own knowledge. I heard they were.

By MR. LINDABURY:

Q. You are familiar with the opinion, are you not?

A. I have been.

Q. You have been?

A. Yes.

Q. Do you happen to know whether or not——

A. (Interposing) I say that because you must not ask me to state what the opinion is exactly.

Q. No, I do not mean to. I only want to know from you whether or not these trade agreements fixing prices and output and so forth were of the kind covered by that opinion?

MR. DICKINSON: This is objected to as the witness has not shown what the agreements are that he knew about, or what their terms were, or how they were operated under.

MR. LINDABURY: I will withdraw the question.

By MR. LINDABURY:

Q. Let us see whether or not these gentlemen to whom you

have referred were following the opinion of Senator Hoar by what they did. In the first place, Senator Hoar was a lawyer, wasn't he?

A. He was a lawyer, one of the great lawyers of the country, of course.

Q. Not merely a Senator of the United States but a lawyer preeminent among lawyers was he not?

A. He was a great lawyer, and I believe really prepared the Sherman Law, although I understand Senator Edmunds to some extent disputes that proposition; you can tell better than I.

Q. Please look at this paper, yellow with age, which I show you, and state whether or not that is a copy of the opinion that you have alluded to?

A. Yes, sir.

Q. Where does this come from?

A. It came from the files of the Washburn-Moen Company.

Q. One of the concerns that you alluded to a while ago?

A. Yes.

Q. You may state anything further that you know in regard to it.

Mr. Dickinson: I think I had better put in an objection. This is objected to because there is no limitation at all as to what is hearsay and what is known to the witness, and as incompetent and improper in form.

A. In the summer and fall and winter of 1897 I was more or less interested in various wire companies as previously stated, including the Washburn-Moen Company and a number of others, and at that time was brought in pretty close contact with these companies and their business and their books and so forth. I do not think, at least I have no information leading me to suppose there were any wire pools, so-called, at that time, although there might have been without my knowledge, but this question of pools was more or less referred to in conversations from time to time with different men, and some time a good deal later than that, when the subject of pools became in this country a more important question as it seems to me, when the public senti-

ment seemed to be changing, and after it had been changed, particularly after I knew the attitude of the President of the United States and other leading men in regard to those arrangements, I endeavored to get the opinion of Senator Hoar to find out exactly what he had said, and I wanted that to exhibit it to anyone who might be interested in the subject, and particularly to our lawyers. The original opinion was given to and in the hands of the Roeblings, but I found they had lost that opinion, at least mislaid it, or were unable to produce it, and then I endeavored to get a copy of it, and finally found these copies in the files of the Washburn-Moen Company, and this is the original copy that they had and which has been in their files, and which they finally found amongst their old files after a long search.

That is as far as my actual knowledge in regard to the original opinion goes.

Q. To what extent the wire people relied on that opinion in what they did in those days, you do not personally know, I suppose?

A. Except I heard a good many say they supposed that opinion could be depended on. Of course they all believed that was the law.

MR. LINDABURY: I offer in evidence the Washburn & Moen copy of the opinion. You have a copy of what I had, Judge Dickinson.

MR. DICKINSON: That is objected to as irrelevant and incompetent.

(The paper referred to was thereupon marked "Defendants' Exhibit (Gary) No. 57, June 2, 1913," and will be found in the volume of exhibits.)

MR. COLTON: What is the date of that?

MR. BOLLING: August 22, 1891.

MR. LINDABURY: Just after the Sherman Act was passed.

By MR. LINDABURY:

Q. Judge, were there trade agreements, I will call them for short, during the period between 1897 and April, 1901, among the iron and steel people?

A. You cover too long a period there for me, Mr. Linda-

bury. I heard of pools more or less. Up to the time of the organization of the Federal Steel Company of course I was not actively connected with the business, and I did not know much about them. It was hearsay. Following the organization of the Federal Steel Company, however, I knew of one arrangement in regard to rails; and, with your permission, I want to state fully and frankly exactly what was done in regard to that, because I do not believe it has ever been fully stated, and I think it is only fair to all interests that it should be stated exactly as it was.

Q. You are alluding to rails alone, now?

A. I am alluding to rails alone.

Q. Very well; proceed, Judge, and make your statement with regard to rails.

A. After the Federal Steel was organized, it commenced doing business on November 1, 1898. Mr. John W. Gates was the president of the Illinois Steel Company, a subsidiary company, until the 1st of January, 1899. Between those dates a meeting of the rail makers was called, and some or all of them met at the Waldorf-Astoria. As a result, the Empire Rail Company, if that is the name, was formed, and failed, as has been stated in the testimony. Immediately following that, Mr. H. H. Porter told me that Mr. H. C. Frick had suggested that we meet at Mr. Carnegie's house to talk over the situation. We met there, and after some discussion I drew a paper which I should think covered about half a page of foolscap. That paper was placed in my desk, and I supposed was there, until some time since this suit was commenced; I think very much after this suit was commenced; until two or three months ago I supposed it was in my desk, which I keep locked, and to which no one else has access, so far as I know. Who had been in that desk by stealth, I do not know. If any one has that paper I think they ought to produce it. I cannot find it, I am sorry to say, but I know very well the substance of it. The paper was signed by Mr. Andrew Carnegie, Mr. H. C. Frick, Mr. H. H. Porter and myself. It provided in substance that we four would recommend to the Illinois Steel Company and the Carnegie Steel Company that they divide, to the extent of fifty per cent each, the total standard rail tonnage secured by the two companies.

That was the substance of the paper. There was only one copy made of that, as I remember. I mean there was only one paper, no copies were made, as I remember, and I kept that paper.

Soon after that the President of the Colorado Fuel Company came to see me, and in conversation ascertained that this paper had been drawn and signed by the four persons named, and he asked the privilege of joining in that paper, and after some discussion between him and me it was arranged that he might sign the paper by stating that he would recommend to his company that the standard rail business of his company should have an interest in the division of the total rails sold by the companies to the extent of some certain percent, I have forgotten what. Soon after that the president of the Cambria Steel Company told me he had learned of this arrangement, and asked to make the same arrangement with respect to the Cambria Steel Company, on the same basis of percentage, which I have forgotten. I think the following Spring the president of the Lackawanna Steel Company made the same endorsement on the paper, as to a certain percentage, and sometime afterwards, I should think a year afterwards, but I might be mistaken in regard to that, the Pennsylvania Steel Company did the same. That resulted in an agreement by the presidents of these respective companies to recommend to their respective companies that the total standard rail tonnage of all the companies should be divided amongst these different companies in these certain percentages. Following the arrangement, not knowing exactly what the date is, the different companies appointed representatives to meet in committee occasionally, to go into the tonnages which were booked by the respective companies, for the purpose of ascertaining so far as they could whether any of the companies were securing more than their percentages, and if so, to transfer from one to another enough rail tonnage to balance. I should think that about the time the Pennsylvania Steel Company became connected with this business—though again being unable to give the exact date with accuracy—the president of the Colorado Fuel Company presented at a meeting of these respective presidents which had been called a formal agreement which provided in sub-

stance for the division of tonnage and various other things that I do not now remember, and asked to have it signed by the different presidents. As soon as I read it I declined for our company to sign it, stating that—

MR. DICKINSON: I object to what he stated.

THE WITNESS: (Continuing). I gave as the reason for not signing it that I did not feel certain that the agreement was legal and proper, and anyhow, so far as our company was concerned, we would not sign it, and it was not signed by anybody, and what became of it I do not know; but it was not executed, I do not think it was ever printed, and anyhow I do not know anything about it since that time, and have never known anything about it since that time. It was not signed.

Up to the time of the formation of the United States Steel Corporation, I should think, and perhaps later, there was a disposition and effort on the part of the manufacturers of standard rails to keep their tonnages, which were manufactured at the mills, in accordance with these percentages, and transfers of tonnages were made more or less. I remember distinctly that the Illinois Steel Company transferred some tonnage to the Carnegie Steel Company, and I remember that it transferred some tonnage to the Cambria Steel Company. I do not know about the others, but upon complaint being made to me that the Illinois Steel Company had exceeded its percentage in securing orders, I instructed the Illinois Steel Company to make the transfers. Now, exactly when the last transfer was made I am unable to say. After the United States Steel Corporation was formed, if I attended any meetings of the presidents of the rail manufacturing companies, with one exception, I do not now remember. That there were some meetings held after the United States Steel Corporation was organized to consider the question of percentages I do not deny, because the best of my opinion is that there were some held; to the best of my recollection there were some held, and I believe that is true. The meeting that I have excepted was a meeting five or six years ago, not to be accurate again as to dates, and was a meeting of the standard rail manufacturers to consider the question of special specifications furnished by the Pennsylvania Railroad Company.

By MR. LINDABURY:

Q. I desire to go into that later, and perhaps your mere allusion to it now will be sufficient, pointing it out.

THE WITNESS (Continuing) Now, going back, I have no recollection of knowing anything about the other so-called pools that subsidiary companies were a party to, which have been testified to in this case until after they were stated in the Government's evidence.

By MR. LINDABURY:

Q. Mr. Corey testifies that you attended one or more meetings in 1902 or 1903 of the plate association and the Structural; what do you say about that?

A. I think Mr. Corey is very much mistaken in saying that he ever saw me at any of those meetings; I am sure he is. I remember attending a meeting at the Waldorf-Astoria when the subject of making some arrangement concerning plates was discussed. I was there for a short time. I remember that distinctly, and it seems to me the form of a proposed agreement was submitted, but anyhow I declined to enter into the agreement, and that was the last I had to do with it. I have no recollection of attending any meeting of the structural manufacturers, and I have no recollection of any pooling arrangement concerning structural material or plate material having been mentioned to me until the time Mr. Huston testified about the plate arrangement in the Stanley investigation, and I was very much surprised by that testimony.

Q. You mean until you heard of Mr. Huston's testimony?

A. Yes, until I heard of Mr. Huston's testimony; and later I suppose you will give me a chance to say what I did concerning pools eventually.

Q. Yes; before we get to that, Judge, when was this meeting?

A. May I add this?

Q. Yes.

A. I knew, of course, by the general conversation in the trade along in 1896 and 1897 that the general opinion of the manufacturers, and of many of their lawyers, if not all of them—— I say without exception, so far as I am aware—— was that they had a perfect legal right to enter into these pooling arrangements.

MR. DICKINSON: That is excepted to as incompetent and irrelevant and hearsay.

A. (Continuing) Of course sentiment began to change, and did change, and was entirely different.

Q. Did you understand at the same time they were in these pooling arrangements more or less?

A. I did. I was very much surprised to find that any of our subsidiary companies were in any of these arrangements as late as they were, because my attitude I thought—— I knew was so well understood in regard to them; they knew, as Mr. Schwab testified, that I was opposed to them.

Q. I will come to that later.

A. And the rail arrangement was simply abandoned.

Q. When was it that you attended this meeting of the plate manufacturers that you alluded to, what year?

A. I would think that was in 1899. I am pretty sure it was.

Q. Before the Steel Corporation was formed, anyhow?

A. Yes. It might have been 1900. I won't be certain in regard to that. It seems to me it was 1899.

Q. Did this rail association that you allude to fix prices or only percentages of output?

A. Nothing except as I have stated; it was an effort to divide the tonnage secured by and amongst the manufacturers of rails, according to certain percentages, which it was agreed represented the fair average capacity of the different mills.

Q. Did it in any way limit production?

A. It did not, certainly not.

Q. Simply divided the amount produced?

A. Yes.

Q. Did you consider at that time that those arrangements were illegal?

MR. DICKINSON: Objected to as irrelevant and incompetent.

A. I certainly did not, and I never hesitated to state to the president of any railroad company when I was in conversation about rails substantially what this arrangement was.

Q. Anything secret about it?

A. No secret at all. I do not mean by that, I do not want to exaggerate the truth in the slightest particular—— I do not mean that I ever published that arrangement, but I never made any secret whatever concerning it in discussing with our customers the question of rails, namely, the railroad presidents.

Q. Was any point of time reached when you changed your view or took any action with respect to these associations with a view of terminating them?

A. I changed my opinion to some extent, and materially changed my attitude in regard to agreements of any sort or description; I reached the conclusion that public sentiment was opposed to them if not the law, and my mind changed more or less with respect to the law particularly as the minds of the courts changed; nothing influences the mind of one who has been connected with the legal profession like the opinions of the courts.

Q. As to what the law is?

A. Yes, and the lawyers; and the opinions of the lawyers have changed on these questions just like the opinions of the courts as I view the matter. The opinion of the Supreme Court in the Northern Securities Case was illuminating, to say the least, and without attempting to go into any discussion of these legal questions I think the Supreme Court of the United States has from time to time extended the application of the Sherman law.

MR. DICKINSON: I would like to interrupt you long enough to enter an objection to all of this as being entirely irrelevant and incompetent, being your disquisition upon the attitude of the courts and filling the record with matter that is wholly improper.

By MR. LINDABURY:

Q. Proceed, Judge. You have stated how your mind gradually changed.

A. Along about the latter part of 1904 I took up with the finance committee the subject matter of pools and agreements that from time to time had been referred to in decisions; and some of the published statements in newspapers about them; and discussed at some length the changed and changing atti-

tude of the public and of the courts and of high Government officials; and after considering the question it was expressed as the consensus of opinion, and I thought until I looked at the record the resolution was adopted, but I do not find it in the minutes; it certainly was stated as a consensus of opinion that we must be certain that none of our companies was a party to any arrangement concerning business which was illegal, which was opposed to the Sherman Law. No doubt I referred to some of the decisions——

Q. I do not care about that; but did you issue any order or instructions?

A. Yes.

Q. What was that?

MR. DICKINSON: That is excepted to as irrelevant and incompetent.

THE WITNESS: It was then arranged that I should issue an order that would require full investigation by our counsel in regard to the subject matter, and if any existing arrangement was discovered which was illegal that it should be absolutely abandoned. The orders were given in the most positive terms, and the presidents of the subsidiary companies were fully instructed. I stated this to many of the presidents verbally, at meetings and otherwise, and left no possible chance or excuse for the continuance of any illegal arrangement, if there was any in force at that time.

By MR. LINDABURY:

Q. Do you remember whether the order covered the withdrawal from all pools and pooling arrangements of any kind?

A. Yes; if they existed.

Q. That is what I mean: Any that might exist.

A. Yes.

(Whereupon an adjournment was taken until tomorrow, Tuesday, June 3, 1913, at 10:30 o'clock a. m.)

SIXTY-EIGHTH DAY.

EMPIRE BUILDING,
71 BROADWAY, NEW YORK CITY.

Tuesday, June 3, 1913.

Before SPECIAL EXAMINER JOHN ARTHUR BROWN.

Present on behalf of the United States, MR. DICKINSON and MR. COLTON.

Present on behalf of the Defendants, MR. LINDABURY MR. SEVERANCE and MR. BOLLING.

ELBERT H. GARY

the witness under examination at the taking of the adjournment, resumed the stand.

DIRECT EXAMINATION (Continued)

By MR. LINDABURY:

Q. At the end of yesterday's session you stated you took up the matter of pools and trade agreements with the finance committee in the latter part of 1904, and it was arranged that you should issue an order that would require full investigation by your counsel in regard to the subject matter, and if any existing arrangement was discovered which was illegal, it should be absolutely abandoned, and that you gave orders, and saw the presidents, etc. Did you understand afterward whether or not action was taken pursuant to your orders?

A. I do understand so. Counsel reported to me that they found some matters that they believed were not exactly right, without giving me any particulars at all, and I instructed them to see that everything there was any sort of question about be absolutely done away with and abandoned, and that order was carried into effect with the exception of the wire company.

Q. When did you first hear of the so-called Jackson Wire Pools?

A. In 1908.

Q. Did you know of their existence in 1904?

A. I did not.

Q. Did you hear of their existence, quite independent of the membership in them, before the date you mentioned, 1908?

A. I do not quite understand the question.

Q. Did you hear of their existence at any time before 1908 without hearing of the connection of your subsidiary companies with them?

A. I did not.

Q. You did not know of their existence at all? That is what I mean?

A. I did not.

Q. How did you hear of them in 1908?

A. A man whose name I have forgotten, but who can be located, I suppose, if desirable, came to my office and said he had a very important communication to make to me. I declined to see him two or three times, but he was persistent, and finally I admitted him to my office, and he then told me that the wire company had been in a pooling arrangement and he had the facts, and he thought we ought to give him employment, I sent for our counsel and stated to him briefly the situation and told him I did not think there was any foundation for the statement, I was very much surprised, that I understood that anything that could possibly be questioned had been wiped out long ago, and said that I would like to have counsel go into this matter thoroughly with the man who came to my office, a stranger who came to my office, and if they found anything wrong to be certain it was wiped out. That was the end of the conversation.

Q. To what counsel did you give that instruction?

A. Charles MacVeagh.

Q. What position did he then occupy with the Corporation?

A. General Solicitor.

Q. Do you know whether he looked into the matter?

A. He did, and reported to me.

Q. What did he report?

A. He reported that he had found the wire people were connected with an arrangement he considered illegal, and I told him then to make it certain the whole matter was aban-

doned, and if he had any difficulty to report to me and I would see that the matter was disposed of. Those were my instructions. That was some time in 1908, about two years and a half before the indictment was presented, according to my best recollection.

Q. You mean now the indictment of 1911, of the members of the wire pool or pools?

A. Yes.

Q. Do you know whether or not the subsidiaries of the Steel Corporation withdrew from those pools at the time you gave the order?

A. They did.

Q. Have they had any connection, so far as you know, with them or any other pool since?

A. No.

Q. Excepting these so-called Jackson Wire pools were any pools formed, so far as you were or are aware, among steel manufacturers subsequent to the organization of the Steel Corporation, newly formed, I mean?

A. I would say no. I am not certain, but you may know what is the fact. I am not certain that this wire pool was formed after the Steel Corporation was formed. I would be even more surprised to find that is the fact.

Q. I do not know what the fact is.

A. I do not. I supposed it had been continued.

Q. Whether they were formed or re-formed or not I do not know. I recall that the government indictments gave them a late date, which I always understood was simply the date of the re-formation.

MR. DICKINSON: Yes, that was effective reformation.

By MR. LINDABURY:

Q. Excluding the wire pools alluded to, whenever they may have been formed, and howsoever long they may have been continued, so far as you know no others were formed after the Steel Corporation was organized?

A. No.

Q. And any that existed down to 1904 were hold-overs?

A. They were.

Q. And that is the case as to the rail association you allude to?

A. That is true.

May I insert in the record, Mr. Lindabury, a statement?

Q. Certainly.

A. I think yesterday I said I thought the judges had changed their opinions; at least I am reported to have said that. If I did, I should have said the courts had changed their opinions. I did not refer to any particular judge having changed his opinion. I believe the courts have modified or changed their opinions.

Q. So far as you know, have prices of any steel products been fixed by agreement between manufacturers at any time since the Steel Corporation was formed?

A. No.

Q. So far as you know, have percentages of output been fixed by agreement between steel manufacturers at any time since the autumn of 1904?

A. No.

Q. There are certain references in the minutes of the finance committee of the Steel Corporation, put in evidence by the Government, to the fixing of the price of rails, or to the price of rails having been fixed. Do you recall having noticed those or some of them?

A. Will you give me the date and let me see? I suppose it refers to the fixing of prices by the Steel Corporation.

Q. I have one before me now under date of April 9, 1907, found in volume II of the Government Exhibits, page 607. I will read it.

A. What is the date exactly?

Q. April 9, 1907:

"On motion duly seconded the question of recommending the fixing of the price of rails for 1908, and accepting orders at this time for 1908 delivery was referred to the chairman and president for consideration and report." Under date of April 16, 1907 "the special committee thus appointed reported that it had recommended that the price of rails for 1908 be fixed at $28 f. o. b. mills, and on motion the report was approved and adopted."

What is your explanation of those minutes?

A. In earlier years it was customary to fix the price of standard rails late in one calendar year for the following

calendar year. It was the custom of railroads in the earlier days to order their rails for one year in the fall of the preceding year, generally from say October to December; and therefore prices were not fixed until about that time. Business conditions, as I remember, were very good in 1906, and railroads had difficulty in securing deliveries; and in the early part of 1907 the railroads were desirous of putting in their orders early so as to be certain of deliveries for 1908. Some of them having committed themselves to extensions, etc., knew they would require rails, and they did not want to run any risk of not getting them.

So the question of fixing the price early on that day, in 1907, came up for discussion, and there may have been some little disagreement between some of the officials as to whether we would fix a price at that time or wait later in the year and fix it, because in those days many of the independents were selling rails at different times at prices above the ordinary quotations, namely, $28 for standard rails, and many of them were suggesting that the prices of rails ought to be higher, and at different times asked us if we would not make our prices higher. Some of our people were anxious always to get the biggest prices they could when business was good, and then sell at lower prices when business was poor. I personally did not believe in taking advantage of a great demand, and putting prices up above what I considered reasonable. My explanation of that minute is that we had disagreed and decided to bring it before the finance committee, and that my position was sustained.

Q. To whom was the recommendation there referred to made?

A. To whom?

Q. Yes.

A. It was referred to the chairman and president.

Q. No, the chairman and president of the committee reported that they had recommended a price; to whom was that recommendation made?

A. To our subsidiary presidents. Some of our subsidiary presidents were always of the opinion, which I have just stated; that is, of getting just as high prices as they possibly could, and I have no doubt they believed if we did not fix the

prices then the demand would be so great that later they could fix a very much higher price.

Q. I was only intending to inquire as to the use of the word "recommended," which I find rather frequent in the minutes.

A. It was the uniform practice of the Steel Corporation in deciding any question of policy, not to do a certain thing, to recommend to them—that was the term used, you will find, I am very sure, throughout the records of the Steel Corporation. That referred to a recommendation to subsidiary companies.

Q. That was your method of communicating with them on such questions?

A. It was.

Q. I call your attention to minute of May 20, 1902, found in the same volume of exhibits at page 575, under the title "Price of Rails;" the following is the minute:

"The chairman stated that he would like to see the price of rails fixed for 1903."

Do you recall that?

A. Is this the executive committee?

Q. I presume it is. I will have to get the page to find out.

A. I was not chairman of the finance committee at that time; I was chairman of the executive committee.

Q. Yes. These are the minutes of the executive committee. My question is, what is the meaning of that? By whom did you desire to have the price of rails for 1903 fixed, and what practice were you alluding to?

A. What was that date?

Q. May 20, 1902.

MR. DICKINSON: I object. There is nothing said in the minutes about "practice" being alluded to, and I object to it.

By MR. LINDABURY:

Q. What practice, if any, of the executive committee were you invoking?

MR. DICKINSON: This is objected to on the ground the minutes show no reference to any practice, and it is leading.

THE WITNESS: This does not refer to any practice, Mr. Lindabury.

By MR. LINDABURY:

Q. No; I ask what practice it was that you were invoking, if there was a practice, in regard to fixing the price of rails.

A. That referred, as I stated in the other case—you say this was in May, 1902. That was early for the 1903 rails. Business was very good at that time, and there was a demand by railroad companies to fix the price of rails, and I made that statement in substance, I have no doubt, for the purpose of getting the consensus of opinion of the executive committee in order to recommend to our subsidiary companies that at that early date they fix the price of rails for 1903.

Q. Was there a practice of fixing the price of rails from time to time, or yearly, or how?

A. Yes; the subsidiary companies made their prices of rails one year for delivery the following year, and as I have before stated, not so early in the year as this; much later ordinarily.

Q. And the price, then, of rails, was fixed only once a year?

A. Only once a year.

Q. Did that allude to fixing the prices in conjunction with other manufacturers?

A. It did not.

Q. Were the prices for that year fixed in conjunction with the other manufacturers, or by the subsidiaries independently?

A. They were not.

Q. And how was it during succeeding years; by whom were they fixed?

A. The same answer; we fixed our own prices.

Q. How often?

A. Once a year. Occasionally the presidents of other companies would say to us they thought our prices of rails were too low, they ought to be advanced, and we said we did not think so, and we would not advance our prices. In early years, you will recall, I think in 1899 for 1900, I believe the prices of rails went up to $33. The Federal Steel followed that year, but we never would do it again.

Q. On page 608 of the same volume of exhibits, under date of June 18, 1907, there is the following:

"The chairman reported to the committee the action that had been taken in the appointment of committees to investigate the question of rails and in issuing an invitation to the railroad presidents and the presidents of manufacturing companies to meet at this office on June 27th, and on motion, the report was approved."

I think you alluded to that meeting in your testimony two or three days ago, in passing.

A. I do not think I did, but I remember it very well.

Q. Was a meeting held pursuant to this?

A. There was.

Q. Please explain it.

A. There had been references in the press and statements made by some railroad officials to the effect that manufacturers of rails were making a poor quality of rails, poorer than had been made in previous years, and following my usual practice, I desired to come to an understanding with our customers on the subject; in other words, to cooperate with our customers, as I believed in cooperating with everybody we have anything to do with, and I called a meeting, a joint meeting of the presidents of the leading railroad companies and the manufacturers of rails, to discuss and if possible to determine upon some plan concerning the manufacture of rails, and I notified the finance committee in order to secure their assent, tacitly, at least, to the holding of this meeting. The meeting was held at my office.

Q. Did that meeting have anything to do with fixing the price of rails?

A. It did not. The proceedings were taken down and I think printed. I am very sure they were. It did not have anything to do with fixing prices.

Q. Did the Steel Corporation ever buy pig iron above its market price for the purpose of affecting its sliding scale contracts, Judge, so far as you know, or had anything to do with the transaction?

A. It did not.

Q. Did you buy pig iron some times?

A. We did.

Q. Why?

A. To cover our necessities. We were short of pig iron capacity for a good many years, and were obliged to go into the open market and supply our necessities.

Q. When was the first so-called Gary dinner held, Judge?

A. In November, 1907.

Q. Who called it?

A. I did.

Q. What was the occasion for calling it?

A. The meeting was held shortly after the beginning of the panic of 1907, after the worst had passed, but while the effect remained to a less extent. We were importuned, or I will say we were requested, in various ways, by various consumers, to do all we could to prevent demoralization in business. Many of our customers reported to us they had large stocks of goods on hand, and if the prices became demoralized as they had in previous years there was great danger of loss to them, and perhaps failure. In those days particularly iron and steel were considered the barometers of trade, so to speak; that is, the market for steel largely affected all other business conditions. In conversation at different times with bankers and others I knew, the question was asked whether or not the steel business was going to pieces; whether we were liable to get into the conditions that had obtained previously. We were all in very great danger of demoralization. I believed if the iron and steel trade got into that condition the panic would be long continued and a great loss and injury would result, not only to the manufacturers of steel but to everyone else who was interested in the manufacture of steel or dependent upon the manufacturers.

I might add to that, we had on our books accounts receivable aggregating hundreds of millions of dollars, and of course an ordinary old fashioned steel war meant destructive competition, the survival of the fittest, and ruin, or at least the temporary suspension of a great many people, and would result in great loss to us and loss to all other manufacturers, great hardship to our employes, and very serious injury to the business world in general.

In previous years the steel makers did business in times like that almost as enemies rather than as friends, not as

high-toned competitors, but as destroyers of business, doing what they could to secure an order, even if only one order, or securing the business of any customer, whether naturally or usually his customer or not, and by one means and another attempting to ascertain secretly what his competitor was doing and with whom he was doing business, and in resorting to all kinds of measures which were intended if possible to force competitors out of business in order to secure more business for the stronger party.

Now, of course that condition had very much improved during the years preceding 1907, perhaps for eight or nine years, but still there was danger of getting back into that destructive competition and resorting to these undue and unreasonable and unfair means, in times such as the panic of 1907 was, and more particularly threatened to be, if prolonged.

Now, the object and purpose of the Gary dinner, brought about under these circumstances, were to bring together into friendly contact the men engaged in the iron and steel industry. There is nothing like close contact with a competitor to secure fair and decent treatment. It is impossible, I think, to prevent sharp competition. It is impossible to prevent a condition where all of the manufacturers, through their employes and otherwise, will push their business as hard as they legitimately can and try to get as much for themselves as they can, but not by unfair means. For instance, sending a small quantity of the produced material into a territory not natural to the particular mill and selling that commodity at a price so low, and long enough continued, to compel a competitor in that particular locality to at least suspend business.

Q. Has that ever been done in the steel trade?

A. It has been done, of course; that was the old practice; but as I say that had very much improved, but still there was danger of getting into that condition again, perhaps not so much danger amongst some of the leading manufacturers, but considering the whole industry, made up of a hundred or more companies or concerns, there was danger of getting into that, I believed. Then again, the knowledge on the part of each manufacturer of what the other was doing is cal-

culated to prevent some of the transactions which might otherwise take place except for that knowledge.

I invited these gentlemen to this first dinner for the purpose of referring to the general financial or business situation and the statement that had been made by customers and bankers and so forth, and for the purpose of thoroughly establishing, if possible, a friendly feeling amongst the steel makers, and of inducing, if possible, the manufacturers to state frankly and freely what they were doing, how much business they were doing, what prices they were charging, how much wages they were paying their men, and oftentimes what their methods were, and in fact furnishing frankly one to the others, all information concerning their business.

I stated very frankly at that meeting—

Q. One moment, Judge, before you get to that meeting, finish what you have to say, if you have not finished, as to your purpose in calling it.

A. My purpose was, in the way I have suggested, to prevent the demoralization of business, to maintain so far as practicable the stability of business and to prevent, if I could—not by agreement, but by exhortation—the wide and sudden fluctuation of prices which would be injurious to everyone interested in the business of the iron and steel manufacturers.

Q. Was the dinner called with a view to effecting an agreement or an understanding for the maintenance of prices?

A. It was not.

Q. To what extent was that dinner attended?

A. I should think the first dinner was attended by 65 or 70 people, including a good many customers as well as manufacturers and others, editors of trade journals, and so forth.

I gave to the newspapers the next morning an accurate statement of substantially what took place. At that meeting we expressed opinions, that is, more or less of us expressed opinions, in regard to the market and what ought to be done. No prices were named, within the meaning of stating a particular price, although the subject of prices was referred to. Nothing was said, for instance, about maintaining a price of a certain commodity at so much; but there were opinions expressed as to whether or not prices were fair and reasonable,

in accordance with the statement I gave to the press, which was made the next morning I think, and was accurate.

Q. Was any agreement reached, or any understanding, express or implied, arrived at with respect to the maintenance of prices?

A. There was not. On the contrary, I made it perfectly plain then, as I did on all occasions, that under no circumstances would I do or say anything that did not leave our company free to go out and do exactly as it pleased with respect to prices and everything else; nor would I advise any one else to do that.

Q. Was any committee appointed, Judge, at that first meeting?

A. There was.

Q. By what name did you call that?

A. The general committee. They were to appoint sub-committees.

Q. I think we have in evidence the names of the gentlemen who constituted that committee, have we not?

MR. DICKINSON: Yes.

By MR. LINDABURY:

Q. Who was chairman of that general committee?

A. I was chairman of the general committee.

Q. And you say the general committee was to appoint sub-committees?

A. Yes; with respect to different lines of business.

Q. And it did so?

A. It did.

Q. Judge, please state whether or not it was the purpose in the creation of these sub-committees to reach a general understanding as to prices of iron and steel products and to bring about the maintenance of them?

A. It was not.

Q. Did those sub-committees or the general committee, as a matter of fact, bring about the maintenance of prices?

A. They did not.

Q. What was the particular purpose or what were the particular purposes of these committees?

A. The purpose of the general committee was first to

appoint sub-committees, and secondly, so far as it could, to ascertain facts in regard to business conditions and in regard to the business of each of the companies in the different lines and distribute those facts so that each could keep thoroughly informed as to what all of the others were doing, of course having in mind as the principal object the cementing of feelings of business friendship in order to do what I believed and still believe is not only proper, but is essential to prevent the destructive warfare, bitter, fierce, tricky, dishonest, destructive warfare that had been more or less prevalent in other lines of business and had been complained of, as the public knows, and in the earlier years in the iron and steel business, and to some extent even at that time in the steel business.

The general committee did not meet very many times; I should say perhaps two or three times; certainly not very many times; but as chairman of the committee I was approached by different members of the iron and steel industry at different times, by men who had complaints to make.

I remember just now distinctly one complaint that was made, for instance: A gentleman engaged in a certain line of business who was a competitor of some of our companies came to my office and complained that he and some other men in his district had bid for certain work, I think in Brooklyn; that the bid was given to an ordinary customer of his, but that on this particular occasion he found that one of our companies who in some localities was his competitor but had never been in the habit of selling goods to this particular customer had put in a bid, and he thought it was a little out of the line of that company, and that because business was so dull he did not think those goods ought to be sold there by reducing the price so low that it would get the order. I said to him that I would consider the matter; made him no other answer; but I immediately ascertained through our people that the statements made to me were correct and I gave orders to them immediately to withdraw from that particular business, to not solicit that order, stating to them that I did not think that was fair or reasonable under the circumstances, and while I never reported that to the gentleman who made the complaint to me, yet the fact that he gave me that informa-

tion enabled him to get the business in that way. That is one concrete illustration.

Q. That was a bid by a subsidiary put in at a very low price to get the order?

A. Yes.

By Mr. Dickinson:

Q. Did you use the words "very low price"?

A. I did not say that he put in a very low price.

Mr. Dickinson: I didn't think you did, and I object to counsel putting in "very low price" as a statement of the witness when he did not state it.

The Witness: I will say he put in a bid; I don't remember the price; but I feel very certain that if I did not give instructions for him to withdraw he would have got the business before he finished. I will say that is very unusual for one of our companies.

By Mr. Lindabury:

Q. What was unusual about it?

A. Trying to unfairly get the business of another company.

Q. What was the unfair element in it, that is what I was endeavoring to bring out.

A. Ordinarily he would not go for that man at all; it was a little out of his territory, and fair and decent treatment among friends, business friends, seemed to me would influence him to keep within his ordinary and legitimate lines, and leave the other manufacturer to get his fair share of the business. Of course I hoped these meetings would bring about those conditions; they did not do it, I am sorry to say. There was overlapping and some competition that was not fair, as it seemed to me. Prices very often, actual prices, were much lower than the published prices, but still it had a good effect in preventing utter demoralization of business and wide and sudden fluctuations which otherwise I feared.

Q. How long were these committees continued?

A. So far as I know a very short time. The testimony in this case which I have heard of makes me think some of the subcommittees met later than I had supposed; I am very sure the general committee had no meeting very long after they were appointed; I cannot say exactly how long.

Q. Did those committees in the course of their existence, so far as you know or were informed, fix or attempt to fix prices or limit or apportion output?

A. No.

Q. Were they appointed for any such purpose?

A. They were not. If any man, any manufacturer, company or concern, restricted his output or confined his business to any particular territory, or refrained from entering into the territory of another competitor or sold at a price he pleased, it was because he voluntarily did so, because he thought as a matter of decency and as a matter of good business it was wise and fair to do so.

Q. Referring again to the illustration or instance you gave us a little while ago, where you withdrew a bid that some subsidiary had made to a customer of a competitor, was there any understanding or agreement, express or implied, between the manufacturers that you would do that thing or that they would do a similar thing under similar circumstances?

A. There was not at any time then or before then, or after that. When this gentleman came to my office, I did not make him any sort of promise, and I never reported to him, and I never had, nor had any of us, ever made any promise, directly or indirectly, or said anything from which it could be inferred that we were obligated to do that sort of thing; that was purely voluntary on our part.

Q. When was the next Gary dinner, Judge?

A. I don't remember; soon after, I should say.

Mr. Dickinson: Before you go to that—I have not stopped the Judge, because I did not want to interrupt him, but now I want to object to all his testimony in regard to purposes and objects, and everything except his statement of the facts that transpired, as being irrelevant and incompetent and self-serving statements.

By Mr. Lindabury:

Q. In view of that objection, I will ask you, without going over the matter again, to tell us to what extent you made known to the gentlemen assembled at that dinner the object and purposes in calling them together as you have narrated them this morning.

A. I stated the objects and purposes at that meeting, stated them fully and explicitly, and made my position plain right at the start. Unfortunately, what I said on that occasion was not taken down, but at later meetings, commencing perhaps a year after that, everything I stated was taken down.

Q. My question was, how your statement of the objects and purposes of the meeting corresponded with your testimony this morning as to what those purposes and objects were.

MR. DICKINSON: I object to that as calling for a conclusion. The witness should be asked what he said and let the Court draw its own conclusion; and as incompetent.

THE WITNESS: They were the same.

By MR. LINDABURY:

Q. To please Judge Dickinson, then, I will ask you to state what you declared at that meeting as to the objects and purposes of calling the gentlemen together, quite independent of the objects and purposes that you had in mind when you issued the call, as you have testified this morning.

MR. DICKINSON: I object to that as incompetent.

THE WITNESS: It would be only to repeat what I have already said, Mr. Lindabury.

By MR. LINDABURY:

Q. Repeat it. I want it; perhaps you can summarize it, Judge.

MR. DICKINSON: That is objected to as incompetent and self-serving.

THE WITNESS: I stated the purpose and object of the meeting were if possible to prevent the demoralization of business. I stated that the first object of the meeting was to secure a better acquaintance with each other, and come into close contact in order to know one another, hoping that we might deal with and towards one another as gentlemen and not as enemies; that the purpose was, if possible, to prevent demoralization of business, to secure as far as practicable stability of business conditions as opposed to wide and sudden fluctuations, to prevent if possible failures on the part of our customers and to comply with their wishes in every respect, to

prevent, if we could, a long continuance of the panic, which meant failures to a great many people and manufacturers themselves because of their debts at the banks or because of their commitments for extensions, and to customers because of the large stocks they had on hand, the sudden change in the prices of which might be very damaging, and so far as we properly could, to maintain or to assist in maintaining business conditions generally, the opposite of which should be deplored. I am giving you the substance of it.

Q. I think that will be sufficient. Were you going to add anything?

A. No. I stated distinctly, Mr. Lindabury, at that time that, as they all understood, we could not make any agreement, express or implied, directly or indirectly, which bound us to maintain prices or restrict territory or output; it must leave us free to do as we pleased, and must rely upon the disposition of all others to do what they considered fair and right and for the best interests not only of themselves but all others who had any interest in that or any other work. I made that perfectly plain.

Q. Do you remember what month the next meeting was held?

A. I do not, but I should think it was in December. No, I don't remember. I gave a statement to the press, if you have it.

Q. I have one of January 30, 1908.

A. The next one, then. There were not so many of those dinners as some people have believed. There were not very many of them.

Q. Do you remember when the next was?

A. No, I could not give the date.

Q. I have one of April 2nd.

A. Probably if the statement was given to the press then, the dinner was given at that time.

Q. That is the memorandum I have.

A. The press representatives were aware always of these dinners, and yet they were not generally admitted, for reasons which I gave in some of my statements. The editors of the trade journals were always present, and many others outside of the manufacturers.

Q. I have a memorandum of another, of May 21st.

MR. COLTON: What year?

MR. LINDABURY: 1908.

By MR. LINDABURY:

Q. Is that the number of dinners held during the early part of 1908, and are those about the dates?

A. Yes.

MR. DICKINSON: Are you speaking from your memory, or from what Mr. Lindabury is telling you?

THE WITNESS: I am speaking from my memory as to the number. That is about the number given. I could not give the exact dates from memory, Judge Dickinson.

By MR. LINDABURY:

Q. I will stop to ask you whether or not at any of these subsequent dinners up to the summer of 1908—I mean by subsequent, subsequent to the first one—any agreements were made fixing prices, dividing territory, or limiting output?

A. No.

Q. Was anything of that kind suggested by anybody in attendance at any of those meetings?

A. Never. It was never suggested at any of these meetings by anybody that there should be any agreement of any sort or description made, or anything done which should bind anybody. They knew perfectly well, from what I had said, such a suggestion as that would not be entertained if made; and I have no reason to think that anyone ever had in mind the idea of making any such suggestion.

Q. Were prices, as a matter of fact, fixed at those meetings, or as a result of those meetings?

A. They were not.

Q. Were the speeches at any of these meetings before the summer of 1908 taken stenographically and reported?

A. No.

Q. Were statements given to the press of other than the first one?

A. They were.

Q. Prepared by whom?

A. Prepared by me.

Q. Were they published in the press?

A. They were.

Q. Generally, or only in a single paper?

A. Generally.

Q. Judge, was there ever any foreign rail pool or pool affecting products of the Steel Corporation, so far as you know?

A. No.

Q. I call your attention to Volume II, Government Exhibits, page 603, where there is recorded a minute under date of November 1st, 1904, of the finance committee, which reads as follows:

"The president brought up the question of making some arrangement with foreign producers in regard to price of rails to be sold in neutral markets. After a full discussion, the question was referred to Messrs. Gary and Corey, with power."

Q. Has you attention been called to that before?

A. Yes.

Q. What do you say about that?

A. I say that was probably done to bury it. That was the easiest way of burying the question.

Q. Who was the president at that time?

A. Mr. Corey.

Q. Do you recall how the matter came up?

A. I do not.

Q. Did that committee ever take any action under that resolution?

A. It did not. If anybody suggested to me that an agreement could or ought to be had of any sort or description I know very well what my answer would be.

Mr. Dickinson: I object to your stating what your answer would be. Facts are what we want.

The Witness: If the question means anything, the natural way to bury it would be to have referred it to him and me.

By Mr. Lindabury:

Q. Did that committee as a committee ever make or attempt to make any arrangement with foreign producers in regard to the price of rails to be sold in neutral markets or anywhere else?

A. It did not.

Q. Did you individually?

A. I did not.

Q. Ever attempt that?

A. No.

Q. Did Mr. Corey so far as you know?

A. Not so far as I know.

Q. Or have knowledge of it?

A. No.

Q. Was any arrangement ever made with foreign producers by which they agreed to stay out of the American market in consideration of the Steel Corporation staying out of the foreign market so far as you know, or on any other consideration?

A. No, not so far as I know.

Q. Or without any consideration?

A. Or as I believe.

Q. I mean so far as you know?

A. I believe not.

MR. DICKINSON: I object to the witness stating his belief. He can testify to what he knows. I object to it as incompetent.

THE WITNESS: I will answer, no.

By MR. LINDABURY:

Q. What do you mean by "no".

A. I mean no to your question. Of course I must admit that Mr. Corey might have made an agreement without my knowing it, and kept it secret from me, but I have no reason to think he did.

Q. He does not claim to have done that. I will ask whether or not you ever authorized Mr. Farrell to make any such agreement on behalf of the Corporation?

A. I did not.

Q. Or on behalf of anybody?

A. No.

Q. Were you ever informed by Mr. Farrell or anybody else of his having made such an arrangement?

A. No.

Q. Or of anybody else having made such an arrangement?

A. No.

Q. With or without authority?

A. No.

Q. Did you ever have a meeting, Judge, with the foreign iron and steel manufacturers?

A. Yes.

Q. Do you remember whether you met them in September, 1908?

A. Well, that was not exactly a meeting. That was a dinner tendered to me by the British Iron & Steel Institute in London, and there were a good many there.

Q. Did you meet the manufacturers at that dinner, that is what I mean?

A. Yes; English and German and French and others.

Q. Was the attendance considerable?

A. Yes, quite large.

Q. Did you address them on the subject of international conditions?

A. Yes.

Q. And American conditions as touching the steel business?

A. Yes.

Q. Was your address published?

A. It was.

Q. I will ask you to identify it. Please look at what purports to be a printed copy of the same in the little book I show you and tell me whether or not you have seen that before?

A. Yes, that is a copy of the address.

Q. Do you remember whether it was taken stenographically or was prepared and delivered from manuscript?

A. It was delivered from manuscript.

Q. And was it printed soon after the delivery?

A. It was.

Q. And how soon was this copy that you have now identified printed?

A. Almost immediately after.

Q. And was your attention called to it then?

A. It was. I corrected the proof myself.

Q. You corrected the proof?

A. Yes.

Q. So that this copy is a correct copy of the address you then delivered?

A. Yes.

MR. LINDABURY: I offer that in evidence.

MR. DICKINSON: It is objected to as irrelevant, incompetent and self-serving.

(The pamphlet referred to was thereupon marked "Defendants' Exhibit (Gary) No. 58, June 3, 1913," and will be found in the volume of exhibits.)

By MR. LINDABURY:

Q. Judge, was there ever any agreement between the Steel Corporation or any of its subsidiaries and foreign producers of any country, so far as you know, by which territory was divided or business, output or prices in any way controlled.

A. No.

Q. Judge, I believe there was another dinner in this country held on the 19th of December, 1908?

A. There was.

Q. Did you preside at that dinner?

A. I did.

Q. Did you make an opening address then?

A. I did.

Q. Declaratory of the purposes and practices of your association?

A. I did.

Q. Was that taken stenographically?

A. It was, or else it was prepared in advance.

Q. Was it thereafter published?

A. It was.

Q. Under your supervision?

A. It was.

Q. Look at the copy of it that I show you now and state whether or not you are able to identify that as a correct copy of the speech you then made.

A. (After examining pamphlet). Yes, it is.

MR. LINDABURY: I offer that in evidence.

MR. DICKINSON: It is objected to as incompetent, irrelevant and self-serving.

(The pamphlet referred to was thereupon marked "Defendants' Exhibit (Gary) No. 59, June 3, 1913," and will be found in the volume of exhibits.)

THE WITNESS: These speeches were printed and distributed among steel men generally. They asked to have them printed.

By MR. LINDABURY:

Q. Were they published in the press with more or less fullness?

A. Some of them were. They were given to the press when and as they requested them. They were widely distributed. We sent a copy to the Department of Commerce, for instance.

Q. I believe there was another dinner held on the 18th of February 1909. Do you recall that?

A. I do not fix the date from memory.

Q. Do you recall a meeting of about that date?

A. Yes, I do.

Q. Please look at the paper I now show you, which purports to be a published copy of the speech you then made, and see whether you identify it.

A. Yes, that is a statement given to the press after that.

Q. This is not, I see, a stenographic report of your speech.

A. No.

Q. I want to ask you something about that meeting. Had the situation changed at that time from that which existed when the first Gary dinner was called?

A. Yes. This was not a dinner, Mr. Lindabury. There was a meeting called I think by some one other than myself. It was nominally held under the auspices of the American Iron and Steel Institute, which had been formed in the mean time, but really was not a meeting of that institute, I should think from memory. After that meeting I prepared and gave this statement to the press.

Q. It has been suggested that at that meeting open prices were declared, or an open market was declared as against controlled prices existing before that time. I want to ask you about that.

A. There is no justification for any such claim as that.

Q. What did take place?

A. The only difference was that under the circumstances I decided and so announced that we would not cooperate in the sense we had been cooperating. That is, we did not care to meet and give to the others information as to exactly what we were doing, what our orders were, and where they were, or any other information about our business. The conditions had changed; we were forced to that conclusion, and when I made that statement to the other manufacturers as to what I thought we would be compelled to do, I said I regretted that circumstances forced us to take that position, and I did not want them to think I felt unfriendly towards any of them, or that our company would resort to any mean tricks, and I asked them if they blamed me for the position I felt it was forced upon me to take. So far as I heard, they said they did not, and of course they had to do the same. Between the date of the first Gary dinner, so-called, and the date of this meeting, there had always been fluctuating prices. I knew that business that naturally would come to us; that is, business from regular customers would go elsewhere, and we would follow it up and find from the customer the reason for the business going elsewhere; and that increased to some extent. We had prevented the demoralization of business, as I call it; we had by our business friendship and our coming close together and keeping one another posted, prevented the wide and sudden fluctuation which I particularly was attempting to prevent; but there had been changes from time to time and sales made below the advertised price, so to speak, what are considered the trade paper prices, but nevertheless I believed it was still good business and good morals to continue to furnish the information which we had been furnishing from time to time until we reached this period when it was perfectly evident that there was a disposition on the part of every one outside of ourselves to do just exactly as they pleased; that is, to publish one price and sell at another, to sell far below the prices that were supposed to exist without notifying us. That was the point, as it seemed to me, that when the competitors in business were making radical changes in prices below their published prices, they ought in fairness to notify the rest and especially to notify us, because we were notifying them always. We were not obligated to do it, except as two

men who profess to be friends, or professing to give information one to another as to what they were doing, naturally ought to tell the truth about it, to speak in plain words. You say, were they obligated by any agreement, express or implied? I say no. It was absolutely understood that they could do as they pleased, but there is a fair way of doing business that we all know nowadays in this country, and an unfair way, which I hope we all know. Our instructions to our people were positive, to let us know if they wanted to make any changes in prices, and then if we made any changes we would put them in the trade journals, and let it be known to our customers generally; we would treat our customers all alike, or try to. Those were our instructions, and not only that, if any of our customers asked us about our prices we told them and told them frankly what we were doing.

If all the competitors know what each is doing, of course they do as they please. If they are acting under a misapprehension as to what the others are doing, no one can tell what may happen. If a man has been connected with this line of business, to say nothing about any other lines of business, he will know that there are times when customers impose upon the sellers to a very large extent by misrepresenting the facts. If the manufacturers know what the others are doing, then they are not so easily imposed upon by the customer. A period was reached when there was such a disposition on the part of many of the small manufacturers to keep their mills running full regardless of the price, in other words getting back to a kind of business which had been in vogue many years before, that it extended to the larger manufacturers, until we ascertained that we were the only ones who were really selling at the prices at which we advertised we were selling.

I made a very frank statement to our competitors in regard to this, hoping some of them would deny it; but, getting no denials from anyone, I simply said: "Gentlemen, I must withdraw from any meeting at which I am expected to tell you anything about our business, and we will go alone. That is all. We will make our prices to our customers, and we will do exactly as we please, and we will try to get about our fair share of business."

Q. Did the Steel Corporation ever have two prices, one open and one secret?

A. No; not so far as I know. Certainly not by authority.

Q. And during the period you allude to, how was it with your competitors?

A. Quite the contrary. Of course, it was not so bad at the beginning, but it got worse and worse. It got to a point where we were not getting anything like our fair share of the business; very much below it. We stood it as long as we could consistently. In the meantime, I might say our customers, who were loaded up at the time of the panic, had disposed of their stocks at fair prices, and conditions were entirely changed. The panic had gone, and money was plentiful, I think.

Q. This practice of double prices, and so forth, had been gotten into by some of your competitors. I suppose you do not want to mention names, of course?

A. No.

Q. Had it been done by all your competitors, or only by some of them?

A. You mean those two prices?

Q. Yes.

A. I mean by some of our competitors.

Q. You do not mean they all were doing it?

A. Oh, no, I do not. Generally the iron and steel business is conducted on a basis very much better than it used to be, and we have not had a dinner for a long time, as you know. We have not had one since the question was first raised before the Stanley Committee, and yet there is sharp competition. Still the methods pursued are altogether better than they used to be.

They are very much improved in every respect.

Q. Have prices been controlled in any way or to any extent during the period you last mentioned by agreements or understandings?

A. During the last period mentioned?

Q. Since this date of 1909 that we have been talking about.

A. No.

MR. DICKINSON: The Stanley Investigation was the last date he referred to.

THE WITNESS: Yes. That was 1911. I am not sure, but I think we did; we had dinners after that time.

By MR. LINDABURY:

Q. After 1909?

A. Before 1911, yes. We have not had any since 1911. I will say since 1911, since the Stanley Committee meeting, prices have not been even influenced directly or indirectly by even an exhortation. I insist, I admit I have always insisted and do insist that any competitor has a right to tell his competitor that he thinks he ought to charge fair prices and deal differently and pursue different methods, if he is left absolutely free to do as he pleases, but exhorting a man to do a thing and agreeing with him to do it directly or indirectly, express or implied, is quite a different thing.

Q. Had there been, preceding this meeting of February 18, 1909, agreements or understandings, express or implied, direct or indirect, by which the price of steel products had been maintained among the manufacturers?

A. No. There was no agreement or obligation to maintain any price, nor which prevented each one from doing exactly as he pleased in regard to his prices, his output, his territory and his business generally.

Q. In what respect, then, did you announce, at the February, 1909 meeting, a change of purpose or relationship to your competitors?

A. The effect of it, at least the substance of what I said was that I would withdraw from communication with competitors at which I would do as formerly, namely, tell them what I was doing, withholding all information in regard to our own private personal business.

Q. And had you theretofore, as a part of that information, announced to them changes of prices at or before they were put into effect?

A. Yes, more or less, to some extent.

Q. And also other matters that affected business generally?

A. There were complaints made to me two or three times because some of our subsidiary companies had published prices without notifying our competitors that we had done so

immediately upon our decision, not because we were obligated to do it, but because we had done it.

Q. And had your competitors, more or less leading ones in particular, followed a similar practice?

A. Some of them did, and many of them did not. Of course it is not a very pleasant thing to have to say, but a good many of them did not deal in entire frankness at all times.

Q. Judge, do you remember a dinner being given to you in October, 1909, by the iron and steel manufacturers of America?

A. Yes.

Q. Where was that dinner held?

A. It was held at the Waldorf-Astoria.

Q. Were the manufacturers present other than from the United States?

A. Yes.

Q. What other locality?

A. Canada.

Q. Did the Canadian manufacturers unite with the American manufacturers in the banquet?

A. Yes.

Q. Did you make a speech at that banquet?

A. I did.

Q. Was that published?

A. Yes.

Q. Look at the printed copy of it which I show you and state whether or not you are able to identify that.

A. Yes.

MR. LINDABURY: I offer it in evidence.

MR. DICKINSON: Objected to as irrelevant, incompetent and self-serving.

(The pamphlet referred to was thereupon marked "Defendants' Exhibit (Gary) No. 60, June 3, 1913," and will be found in the volume of exhibits.)

By MR. LINDABURY:

Q. I am not sure whether you have testified about the American Iron and Steel Institute, although I know you have alluded to it. I will ask you when it was formed and for what purpose.

A. Well, its purposes are stated in the address I made at the first meeting. It was formed some time prior to that.

Q. When was that first meeting?

A. I think October, 1910. That was the time when so many of the foreign manufacturers were here; representatives of the steel industry throughout Europe were present.

Q. How large was the meeting?

A. Quite a large meeting.

Q. Was it attended by many manufacturers in the United States?

A. It was, representatives of all of them, practically.

Q. And where was that meeting held?

A. I think at the Waldorf-Astoria, New York City.

Q. Who was elected President?

A. I was; I had been elected president before that. I had been its president ever since it was organized.

Q. This was not the first meeting?

A. Yes; it was the first meeting. It was not the first formal meeting, but it was the first annual meeting as we call it.

Q. Your speech begins with the words "At this first formal meeting". Perhaps the other meetings had been less formal?

A. It does not make any difference what you call it. We had met and organized.

Q. About how long had it been going? That is what I mean.

A. I suppose about a year and a half.

Q. That is near enough.

A. It was organized in May of a certain year, I should think May, 1909. The first annual meeting, whether you call it a formal meeting or whatever name you give it, would naturally have been held in May, 1910, but that had been postponed to October in that year, in order to allow the foreign manufacturers to attend.

Q. You made an address, did you not?

A. Yes.

Q. Was that from prepared manuscript, or taken stenographically?

A. It was prepared manuscript.

Q. Look at the print of the same which I show you and state whether you can identify that as correct.

A. Yes; that is it.

Q. Was it printed at the time?

A. Yes; printed.

Q. Was it revised or looked over by you?

A. Yes; the newspapers generally published parts of it.

MR. LINDABURY: I offer it in evidence.

MR. DICKINSON: That is excepted to as irrelevant and incompetent and self-serving.

(The article referred to was offered in evidence and marked "Defendants' Exhibit Gary No. 61", and will be found in the volume of exhibits.)

BY MR. LINDABURY:

Q. The next dinner, I believe, was held in January, 1911, and the addresses are already in evidence.

A. Yes. Everything was taken down that night; it happened so, and as they were taken down I had them printed and distributed, without giving the speakers, by the way, any opportunity to correct their speeches.

Q. Judge, it appears that the price of Bessemer rails has not changed since May, 1901. How do you account for that, if there has been no agreement or understanding, express or implied, for the control of the price?

A. The price of standard Bessemer rails has been maintained at $28, or, strictly speaking, has been kept down to $28, largely because the U. S. Steel Corporation has declined for many years to advance its prices above that figure. The method of doing business and the general situation has largely determined that price, perhaps, a portion of the time.

I might ask you why you pay $5 for a Dunlap derby hat or a Knox derby hat, and have paid that price for twenty-five years. I know I have. It is recognized as a fair price, and kept at that figure, because there are only a few people that make that grade of hat, and there is no reason in the world why either one should change his price. They would not sell any more hats. If he thinks that price is fair and reasonable, there is no reason why he should reduce it. The wonder is, perhaps, that they have not increased the price. I suppose they would if there was an agreement between them.

The manufacturers of rails are comparatively few in number, six or eight, and they deal more or less with the same railroads, and they know all the time what the others are doing; however, more particularly the method of doing business by the railroads themselves has had a marked influence for many years. The president of the Pennsylvania Railroad used to come to me every year and tell me that he was about ready to place his order for rails, and ask me what our price was going to be for the next year. I would give him a price, and ascertain from him about what his tonnage to us would be, and he would go back to his office in Philadelphia and then distribute his tonnage amongst the different manufacturers of rails, telling them that he proposed to give the U. S. Steel Corporation so many rails, that their price was $28 a ton, and he expected to get his rails of the other manufacturers at the same price. Or, if he did not state it in just that way, in the course of negotiations they knew what our price was. Of course they could not make a higher price to the Pennsylvania Railroad Company; and if they did not make a higher price or a lower price to the Pennsylvania Railroad Company, they would expect to get the same from all other railroad companies.

The president of the Pennsylvania Railroad Company was in the habit of announcing to the newspapers that he had placed an order for a certain quantity of rails and had distributed the order in such a way, and that the price was so-and-so. Other railroad presidents did that to some extent.

That method of doing business naturally fixed the price for the year, and that continued for several years, until finally the railroad companies began to furnish specifications, for different analyses, different compositions, and different treatment of rails. That included open-hearth, when open-hearth rails began to come in, and later it included other features, which increased the expense; and then the railroad presidents would come to discuss that question with us. I referred the other day to the fact that I remember attending a meeting of rail manufacturers four or five years ago—I think about five years ago—when the question was largely whether we could conform to those specifications or not; and I reported the result of that meeting. We decided that it was not practicable

to conform to some of the specifications, but we could conform to other specifications. I reported to two or three railroad presidents present, I know, in regard to that, and during that discussion and the discussion the next day the question as to what we would charge for these extra specifications was discussed and finally agreed upon between the railroad presidents and myself; and that information was given to the other rail manufacturers, presumably by the presidents of the railroads who were distributing their tonnage.

The price of rails for all these years has practically been fixed by agreement between the manufacturers and the railroads themselves. Of course the railroad presidents would try to prevent an increase in the price of standard rails if they could, and they did and have prevented it. So far as we are concerned, we have taken our position and the others have been obliged to follow that, notwithstanding the cost of rails has materially increased. The impression which has prevailed that the profit on rails is very large is wrong.

Q. Why do you say that your competitors were obliged to follow the position you took?

A. Because if the president of the New York Central Railroad Company, for instance, had 150,000 tons of rails to distribute amongst the manufacturers, and could buy the percentage which he proposed to give us—which I am sorry to say has not always been perfectly fair to us, it seems to me; I do not think we have always got quite as many tons as we ought to have had compared with our freight—if he would say to the other manufacturers that he was obliged to pay only a certain price to us for his rails, the other manufacturers could not, in justice, charge a higher price to the New York Central Railroad Company. That kept the price down.

But any manufacturer, large or small, if he manufactures a considerable quantity, can keep prices down; he can not keep them up whether he is big or small, but he can keep them down. At times we have followed the market down; we have followed our competitors down on prices; of course we could not maintain them very long or to full extent; our competitors were away below; we had been the last in going down when we thought they were too low, and we have been the last in going up where we thought the prices were fair.

Q. In the illustration you have given, of making a contract with the New York Central or the Pennsylvania, which your competitors were bound to follow, would the result have been the same if one of your competitors had made the contract?

A. Precisely the same. Sometimes that happened. Sometimes they went to our competitors first.

Q. And they made the price?

A. They made the price.

Q. What practice do you allude to when you said you did not get your fair amount from the New York Central in proportion to your tonnage of freight?

A. This is what I meant: The railroad companies endeavor to and usually do distribute their tonnage to the manufacturers on their respective lines. That has a very large influence in the distribution of rails; I would not say it controls it to a ton, as has been suggested here, I think, because I know to the contrary.

Q. You did not get some tons?

A. On the contrary, that has been applied as against us, but this is what I mean: If a railroad company is desirous of buying 100,000 tons of rails of two manufacturers on its lines, and one of those manufacturers pays $75,000 in freight and the other pays $25,000 in freight, the fair way, it seems to me, would be to distribute the tonnage of rails in the same proportion.

Q. I am not asking for your theory, but for the practice of the company.

A. That is supposed to be the practice of the company, but because we are a large company and supposed to be able to survive some of these inconsistencies and unfair decisions, we have been subjected to that many times, and I have complained to the railroad companies at different times that we did not get our fair proportion of the tonnage, but I never got any additional tonnage on account of it.

Q. I think it has been suggested that the Government of the United States in the armor plate and perhaps other contracts pursues a similar practice of dividing its orders. Do you know about that?

A. I have heard that, but I personally have never had anything to do with it. I know it is published and I presume that is so.

Q. Do you know whether that is always let on the same basis to the manufacturer?

A. I do not know.

Q. That you do not know?

A. No, I do not.

Q. In this division of tonnage by railroads among the manufacturers is the same price given to each?

A. The same price?

Q. Yes.

A. Yes.

Q. Always on the same price basis?

A. Oh, yes; the railroad company controls that business and practically fixes the price of rails. So far as I remember, there has never been any complaint made by railroad presidents of the prices of rails, with one exception. At a particular time one railroad president offered us a very large tonnage of rails if we would make the price very low, I don't remember what it was, and said he could buy some foreign rails at about that price, and would do so if we did not sell them to him. We did not sell them and he did get some foreign rails; and finally that railroad came back to us and is one of our best customers, because we made better rails.

Q. I was about to ask whether the price of rails has appeared to concern the railroad companies as much as the quality?

A. No, it has not, but that very railroad president I referred to, I offered to allow him to see our books and study them carefully, to see if the price was too much, but he did not do it. I will not repeat the rest of the conversation.

Q. Has the cost of manufacturing rails since the Steel Corporation was formed tended downward or upward?

A. Upward.

Q. Has it fluctuated from time to time, I mean the cost, more or less?

A. Well, I do not think it has; I think it has simply increased; I do not remember.

Q. What do you make rails from?

A. We make them from semi-finished steel, blooms or ingots.

Q. I was wondering whether the price of blooms had fluctuated from time to time.

A. Well, we do not sell any blooms, you know; I do not know much about that. Blooms are usually used for conversion. The cost of blooms has been as much or a little more all the time, and the cost of rails has increased a little all the time. Prices generally have increased.

Q. In fixing the price of your product, has it been the policy of the Steel Corporation to follow any little variation in cost?

A. No.

Q. To follow every little variation in cost and market conditions? I want to make the question a little bit broader.

A. No.

Q. Why not?

A. Because it is generally for the interest of everyone concerned in the business to have stability of business, uniformity, so far as practicable. I said we had to sell at times very much lower than at other times. We followed the market down and we followed it up. Of course, it cannot be denied, and I have never denied, that the law of supply and demand controls prices, but not suddenly always. It does not bring about immediate fluctuations always. I have never stood for fixed prices, for unchangeable prices. I have stated that at these steel meetings over and over again. I would never stand for unchangeable prices, fixed prices. By stable prices or stable business I do not mean fixed prices—by the maintenance of stable conditions, I do not mean the maintenance of a certain fixed price—I have never stood for that, nor have I ever been willing to consent to the fixing or maintenance by our own people of any price that anyone claimed, I mean any of the steel manufacturers, claimed, was unfair or unreasonable.

Q. Tables have been put in of quoted prices taken from the Iron Age. Do you know, Judge, whether or not those quotations show actual selling prices as a rule?

MR. DICKINSON: Are you exhibiting him the tables?

MR. LINDABURY: No; I am assuming he is familiar with them, however.

THE WITNESS: I know that it is not uncommon for manufacturers in their actual sales to vary from the prices published in the Iron Age and trade journals; not by our own

people, so far as I know; it is not usual for our people to do that.

By Mr. Lindabury:

Q. But do you know whether your competitors generally sell at the prices quoted in the trade papers?

A. Some of them do and some of them do as they please. I did not mean to say and I do not want to be understood as saying that it has been our invariable practice in all cases to adhere to a published price. There have been cases where we have sold in large quantities and varied from the published price, I am pretty sure. I do not know that I have been connected with the contracts, but I know one or two instances were I think our people have made contracts for large tonnages which were different from the published price, but that is what we would do under any other similar circumstances. In other words, it is selling at wholesale instead of retail, like any man in business, in a wholesale business—I won't say any man, but it is not uncommon in many lines of business any many kinds of work for one doing business by the wholesale to charge a less price than if he were selling at retail.

(Thereupon a recess was taken until 2:30 o'clock p. m.)

AFTER RECESS.

ELBERT H. GARY,

the witness under examination at the taking of recess, resumed the stand for further

DIRECT EXAMINATION (Continued):

By Mr. Lindabury:

Q. Judge Gary, some tables of price quotations from the Iron Age have been put in, relating to other steel products than rails, and showing at times an unchanging price for months and in one or more instances for a year or more. I

do not know whether your attention has been called to those tables or the charts made up from them or not?

A. It has not.

Q. Was the evenness of the prices of other products than rails that obtained at times due to agreements fixing the prices?

A. During what period?

Q. Since 1904?

A. No. An even price may be maintained for various reasons, I should say. Of course if prices are very low, so low that no one can afford to sell any cheaper, it is easy to maintain those prices; but the conditions may be such, business may be so good, and the demand so great, that there is no motive for changing prices, and they are allowed to be kept down because everyone considers them fair; or the product may be in the hands of a few people who are kept well informed as to what the others are doing all the time, and the prices are maintained because of that information, and therefore there is no particular motive, and what often happens is that there is a published price continuing for a long time unless sellers are publishing one price and really doing what they please. That is, I mean by that they are selling at such prices as they choose to sell for regardless of the published price, I mean without regard to that.

Q. I will ask you once more and finally whether there has been any time since 1904 when the price of any product of the Steel Corporation has been fixed by agreement with competitors?

A. No.

Q. How many owners are there of the Steel Corporation?

MR. DICKINSON: Objected to as irrelevant and incompetent.

THE WITNESS: I think there are about 150,000 owners. I should say there are at least 100,000 stockholders of record. A great many shares of stock are issued to foreign bankers and to other people, and the ownership of those particular blocks is very much divided, so that we are unable to state definitely at any particular time. I could get the exact figures. I have them in my office.

By Mr. Lindabury:

Q. Do you know how many proprietors or stockholders there are among the company's employes, in round numbers?

Mr. Dickinson: That is objected to as irrelevant and incompetent.

The Witness: In round numbers, 35,000; I haven't any of those figures with me.

By Mr. Lindabury:

Q. Never mind, Judge; I did not mean to ask you for figures, but only your recollection in round numbers. How much has the company paid its employes in wages, stockholders in dividends and the Government in taxes, since it was formed?

Mr. Dickinson: That is objected to as irrelevant and incompetent.

The Witness: Will you allow me to refresh my recollection by figures in my office, and put those figures in the record and hand them to counsel?

Mr. Dickinson: Yes, I will have an exception, and you can put them in afterwards.

By Mr. Lindabury:

Q. What has been the practice of the Corporation with respect to the publicity of its affairs?

A. It takes great pains to publish its affairs. The Department of Commerce were engaged in the examination of our books for seven years or more. We have regularly published and mailed to our stockholders annual reports and quarterly reports; we have sent our annual reports not only to all our stockholders, but to the different departments of Government at Washington and to most if not all the Members of Congress; we have given our reports to the press generally; we have, when called upon by different people, representatives of the newspapers or magazines or colleges, given exact data.

We have been very open and diligent in sending out different statements and addresses that have been made at the dinners you have referred to, and other things, to different departments in Washington, and we have generally allowed the public to know substantially what we were doing all the time. More than that, I think we have done what has never before been done by any of the corporations in the steel in-

dustry, at least. We have kept our competitors and our employees and our customers well informed in regard to our general business affairs. Of course I do not mean to say that we have always allowed everyone to know of our negotiations concerning contracts and things of that kind that might interfere with the regularity or the success of our business in detail, but so far as our policies and principles and general conduct and results and methods are concerned, we have endeavored to keep the public informed. It has been our policy from the beginning of the Corporation, and was the policy to a lesser extent of the Federal Steel, to publish our affairs.

Q. Has the company made annual reports of its business?

A. It has, in great detail.

Q. Since what time?

A. Since the beginning. The first annual report, I think, was before the expiration of twelve months.

Q. I am now speaking of quarterly reports.

A. The first quarterly report I think was made in October of 1901. We started business April 1, 1901, and after that time they have been made quarterly. I might say that very frequently from various sources we have received inquiries from people by letter concerning our affairs, because of our reputation for publishing what we were doing, and so far as I know, we have never declined to grant the request which was made in these letters.

Q. I show you a file of quarterly reports. Will you tell me whether or not those are the quarterly reports you refer to of the Corporation?

A. They are.

Q. Beginning?

A. Beginning October 1, 1901; and coming down to and including March 31, 1913.

Mr. Lindabury: I offer this file in evidence and ask that it be marked as a single exhibit.

Mr. Dickinson: Excepted to as irrelevant, incompetent and a self-serving statement.

Mr. Lindabury: And I also ask counsel to agree that it need not be printed except it shall seem to either one side or the other hereafter that it ought to be or shall be required by the Court.

MR. DICKINSON: We agree.

MR. LINDABURY: This file I will state now is supposed to contain each quarterly report from the beginning down, with no omissions.

(The file referred to was thereupon marked "Defendants' Exhibit (Gary) No. 62, June 3, 1913.)

THE WITNESS: In addition to these reports for a number of years last past we have been giving on the 10th of each month a report of tonnages.

By MR. LINDABURY:

Q. Making them public or not?

A. Making them public.

Q. Giving them to whom first?

A. Giving them to the press.

Q. Before that they were given to whom?

A. Given to the press direct on the 10th of each month.

Q. By whom were they given out?

A. Given out by the comptroller.

Q. You stated, I think, that the company had made annual reports and they are all in evidence except the first one, which is in your preliminary report and submitted at the first annual meeting, February 17, 1902?

A. Yes.

Q. Parts of that are in evidence, but not the whole of it. Please look at the pamphlet I show you and see if you can identify that.

A. I will answer your question in the affirmative. This is a report for the period commencing at the time the company started business April 1, 1901, to February 17, 1902, which under our by-laws as they existed at that time was the date for the regular annual meeting. That was afterwards changed to the month of April.

MR. LINDABURY: I offer that in evidence.

MR. DICKINSON: Excepted to as irrelevant, incompetent and self-serving.

MR. LINDABURY: My recollection is that you offered all the succeeding annual reports, did you not?

MR. COLTON: We only offered a few pages from the annual reports, and you offered everything we did not offer.

MR. LINDABURY: But I think that offer did not include this preliminary report, did it?

MR. COLTON: No.

MR. LINDABURY: So that we need not offer anything now except this preliminary report.

MR. COLTON: Yes.

(The pamphlet referred to, so offered in evidence, was marked "Defendants' Exhibit, Gary, No. 63," and will be found in the Volume of Exhibits.)

By MR. LINDABURY:

Q. I call your attention to Defendants' Exhibits Nos. 27 and 28, the former being a note from Commissioner Garfield to you and the latter an enclosure, both dated in November, 1905.

A. Yes.

Q. Do you remember the conference at Washington to which that relates?

A. I do.

MR. DICKINSON: What is that?

MR. LINDABURY: It is the letter from Commissioner Garfield to Judge Gary enclosing a statement of the interview with the President of a day or two before regarding the investigation of the Steel Corporation. It was put in under the examination of Mr. Roosevelt.

THE WITNESS: I received that letter from Mr. Garfield after the interview in question.

By MR. LINDABURY:

Q. And of course you read it at the time?

A. I did.

Q. Did it correctly record the interview as you then recollected it?

A. It did.

Q. And as you now recollect it?

A. Yes.

Q. Mr. Garfield in his memorandum has this:

"Conference at the White House, evening of November 2, 1905. Present: The President; Secretary Metcalf; Judge Gary; Mr. Richard Trimble; Commissioner Garfield. Judge Gary stated very fully the position of the United States

Steel Corporation, which in brief is that it does not raise the question of the constitutionality of the law."

What law was that?

A. The law providing for the examination by the Department of Commerce of the books of private corporations, as I remember.

Anyhow, it was the law under which the Commissioner of Corporations in the Department of Commerce asked or requested an opportunity to examine our books.

Q. I will proceed:

"It desires to co-operate with the Government in every possible way that is consistent with the proper protection of the interests of its stockholders in their rights and property."

Did you so state?

A. I did.

Q. Was that the attitude of the Corporation?

A. It was.

Q. (Reading):

"The main point questioned is the use and disposition of certain detailed information given by the Corporation, and the possibilities of the misuse of such information in case it were left as a permanent record in the Bureau."

A. That is correct.

Q. (Reading):

"Mr. Garfield stated that the purpose of the investigation is to afford the President full information of all facts relating to the organization, conduct and management of the Corporation upon which recommendation for such legislation might be made; he outlined the policy adopted by the bureau and the methods which it had so far used in this and other investigations."

Is that right?

A. That is right.

Q. (Reading):

"A number of special questions with reference to the detailed information referred to by Judge Gary, such as detailed costs and profits, were carefully discussed. The President spoke of the question of over-capitalization not as applying directly to the Steel Corporation, but generally, and said that it is of course usually impossible to undo that which has

already been done, but that on this, as on other matters, the work of the Bureau is for the present and the future."

Was that his statement?

A. It was.

Q. (Reading):

"In answer Judge Gary stated that if from the facts obtained Mr. Garfield was satisfied that the United States Steel Corporation was overcapitalized it would be his duty so to state, and that the Steel Corporation could not be punished in any more severe way than by such publicity."

Is that right?

A. That is right.

Q. (Reading):

"In conclusion, it was determined that all information requested would be furnished by the United States Steel Corporation and full opportunity would be given for an inspection of all books and records of the Corporation."

Is that right?

A. Yes.

Q. That was the agreement, was it?

A. It was.

Q. (Reading):

"That thereafter any questions with reference to the use, publicity and disposition of material which Judge Gary might deem confidential would be considered by him and Commissioner Garfield, and that if there were a disagreement between them the matter would be referred to Secretary Metcalf and if necessary ultimately to the President for determination."

A. Correct.

Q. Now, under that understanding did the Bureau examine into the affairs of the Corporation?

A. Yes.

Q. At what length?

A. At great length; I do not think they finished entirely. I do not know that they have finished entirely up to the present time, and I think for about seven years following that they were constantly employed in making examination, and we were employed through our subordinates more or less all that time, and at the expense of hundreds of thousands of dollars.

Q. In doing what?

A. In furnishing material, giving them transcripts from our books, and showing them our books, and pointing out the different things that they were interested in. I had a distinct understanding with them all the time that any statement we made might be verified by the Department by examination, and that course was pursued as and when the Department desired to be absolutely certain that the figures and facts were accurately given.

Q. Did you furnish the Governmental Bureau with details, so far as you could, of the organization of the subsidiary companies, including the properties and assets acquired by them, capital issued, and indebtedness assumed or issued?

A. We did.

Q. Did you furnish them with statements covering the operations and affairs of the subsidiary companies prior to the organization of the Steel Corporation?

A. We did as far as we could.

Q. I mean, so far as you are able to?

A. Yes.

Q. How came you to furnish those? Were they asked for?

A. Yes.

Q. At different times or all at once?

A. At different times.

Q. And did you furnish them details as to the organization of the Corporation, properties and assets, and capital issued, and debts assumed or issued?

A. We did.

Q. Did you furnish them with particulars of the operations and affairs of the subsidiary companies and of the Corporation subsequent to the date of its organization, in detail?

A. We did.

Q. Did you furnish them with statements as to the production and output of all classes of materials and products by plants and mills?

A. We did.

Q. Did you furnish them with cost sheets for all your principal products?

A. We did.

Q. And detailed statements of operation expenses not represented in product cost sheets?

A. Yes.

Q. Did you give them a detailed statement of profit and loss or income account of each subsidiary company for the years from 1902 to 1906, inclusive?

A. We did.

Q. Did they request them for later years?

A. They did.

Q. Are you sure about that?

A. For later years than when?

Q. 1906?

A. No, I guess not, not later than 1906.

Q. Did you give the Bureau schedules showing orders or business booked for each of the five years from 1902 to 1906?

A. Yes.

Q. Were they shown the tonnage booked, daily or monthly, of the several principal classes of steel products and prices at which the orders were taken?

A. Yes.

Q. Did you furnish such schedule showing in detail the purpose for which expenditures were made after the formation of the Corporation to the close of 1906, for new properties acquired and for additions, extensions and improvements?

A. We did.

Q. Did you furnish them details by companies or groups of companies of operating results which in the annual reports were stated in a composite total for all the subsidiary companies?

A. Yes.

Q. Did you furnish them details and particulars concerning properties owned, such as annual capacity as distinguished from annual production of plants, the particulars of ore reserves, unmined coal, and so forth?

A. We did.

Q. Did you furnish them details of transactions under which the various companies acquired subsequent to 1901 were purchased, together with particulars of the properties these companies owned or controlled?

A. We did.

Q. Did you furnish them particulars and details of wage rates in effect at various times since 1901, and of the earnings of employes of various occupations.

A. We did.

Q. Did you furnish them information besides that of kind I have just mentioned?

A. Yes; we did, a great deal.

Q. Did you advise the bureau fully and freely on all matters pertaining to your affairs and operations on which they requested information?

A. We did.

Q. Or within the scope of their investigation?

A. Yes. There were various times when the Department asked for information when some of our officials thought, for reasons they stated, that we ought not to furnish the information, and invariably the department appealed to me for decision, and I believe without a single exception I decided in favor of the Government and the information was given.

Q. You were speaking the other day of means taken to increase the efficiency of your labor.

A. Mr. Lindabury, before you come to that I would like to volunteer a statement apropos of some of the questions you have been asking me relating to the attitude of our corporation towards the Government. I want to say that I endeavored to keep the government all the time fully advised as to all our affairs, and I frankly stated to different officials that our attitude was to conform to the desires of the administration, that if at any time any department of the administration was dissatisfied with our position or our management we would be glad to be notified, and if we could not convince the one who complained that we were right we would change our methods and management to conform to the wishes of the Department. I have stated that frequently. That was our attitude.

Q. Was any criticism made to you of either the organization or the operations of the Steel Corporation by any department of the Government before the report of Commissioner Smith in the year 1911?

A. No, except such as might be contained in the investigation by the Stanley Committee, so-called; that is just before, I think.

MR. DICKINSON: It began before.

MR. LINDABURY: When did it begin?

MR. DICKINSON: Some time before.

MR. LINDABURY: I said before 1911.

THE WITNESS: You said before the Smith report came in.

By MR. LINDABURY:

Q. I see. That was in 1911.

A. The first criticism I ever heard of by anyone connected with the government, with perhaps the exception of a local suit that was disposed of by agreement, I think, was contained in the questions or utterances by members of the Stanley Committee. On the contrary, the statements, so far as I know, of representatives of all the Departments in Washington were favorable to the management of the Steel Corporation. I remember two or three occasions where there were local suits against some of the subsidiary companies, which were disposed of by agreement, one particularly, the Boston affair. One of our subsidiary companies I remember, was charged with being a party to some illegal arrangement, and after full investigation or trial, whichever it was, that proceeding was dismissed.

Q. That was not disposed of by agreement, was it?

A. No, I think it was finally tried in court, one branch of it, at least, and the court found in favor of the defendant.

Q. Have you ever withheld or concealed from the Government, or any Department of the Government or any Bureau, anything with regard to your affairs?

MR. DICKINSON: Objected to as irrelevant and incompetent.

THE WITNESS: No.

By MR. LINDABURY:

Q. Now, to come back to the question I started; that was with regard to your efficiency work. You were speaking particularly with regard to the northern properties, and the greatly increased efficiency you had obtained in your labor by many things you had done for the benefit of the working men. I will ask you what you found to be the situation of labor down in Alabama when you took over the Tennessee Coal & Iron Company, and anything you did to secure greater efficiency there in your labor output.

MR. DICKINSON: That is excepted to as irrelevant.

THE WITNESS: I found the labor was largely performed by colored people, negroes, and we found the Tennessee companies, some of them, were using convict labor, so-called, and the first time my attention was called to it I made some inquiry in regard to it and ascertained the facts and the methods pursued and the treatment accorded the laboring people who were under the direct control and management of the State authorities, which to my mind was not proper, and I immediately gave instructions to abandon the convict labor.

I found some contracts had been entered into between the company and the state, and then I gave directions to discontinue that kind of labor so soon as the contracts expired, or so soon as our people could get rid of that kind of labor. We have no convict labor there. We have voluntary employees. We employ a good deal of colored labor, but we have introduced methods for their care and treatment, sanitary and otherwise, and have done a great deal to improve the conditions of our working people there, with the result that the employees not only receive very much better treatment as well as better wages, but the labor is much more efficient. Therefore, as I said with reference to other labor, it has proved an economic advantage to us; it has paid us; it has been profitable to us, because we have better labor and better conditions.

Colored labor is peculiar. The disposition of the colored people generally is peculiar. There are those present who know that better than I. To a large extent they have to be cared for. They seem to have inherited the necessity of having some one to look out after them. It is natural, if they get a little money in their possession, for them to quit work and go somewhere and spend that money, and go back to work after the money is gone; and their tendency is to uncleanness, and to live in poor circumstances, in poor buildings, and to deny their families the necessities of life. So I say that when colored labor particularly is employed, it is really necessary for the employer, if he wishes to justify himself as having done the square thing, the right thing by his employees, or if he wishes to get the best service out of the employees, to look after this colored labor particularly. We have endeavored to do that, and have done it.

Q. Judge, how comes it that so many of your employees are stockholders? By what method did they become such?

MR. DICKINSON: That is excepted to as irrelevant.

THE WITNESS: They have become stockholders under our stock subscription plan.

By MR. LINDABURY:

Q. Will you describe that briefly, Judge?

A. At the beginning of each year we offer, and for a good many years have offered our employees the privilege of subscribing to shares of the Steel Corporation at a price a little under the then existing market, to be paid for in installments not more than a certain amount, charging the employees five per cent interest on the deferred payments, and allowing them the full dividends on the stock; and at the end of each year, for five years, giving to the employee stockholders in addition a rebate from the original price of $5 per year per share on the preferred stock and $3.50 per share per year on the common stock. At the end of five years, if the employee remains in the employ of the company or has not been discharged from the employ of the company, he receives the full title to the stock. If in the mean time he leaves without our consent, or is guilty of conduct which compels us to discharge him, then he does not get the stock, but he gets his money back with interest, with the dividends which have been declared and paid.

MR. DICKINSON: You mean he gets the interest and dividends both?

THE WITNESS: No, he gets all the money he has paid, together with the dividends which he has received. He retains the dividends which have been paid to him in the mean time.

MR. DICKINSON: How about the interest?

THE WITNESS: I changed that to dividends.

By MR. LINDABURY:

Q. Judge, may the subscriber pay up for his stock without waiting the full period of five years?

A. Oh, yes.

Q. And if he does, does he get his stock?

A. Yes; if he does he gets his stock.

Q. Then he is a full-fledged stockholder?

A. Yes.

Q. Was this plan in vogue among steel manufacturers before the Steel Corporation was formed, Judge?

A. Not so far as I know.

MR. LINDABURY: Mr. Filbert informs me there was a change at one time. The Judge's statement is accurate as to one period, and not quite accurate as to another.

THE WITNESS: I ought to say that for the last number of years I really have not had anything to do with the details of this except to decide questions of difference that came up sometimes between employees and the subsidiary companies, and I think my decisions have always been favorable to the employees.

MR. DICKINSON: Excepted to as immaterial and irrelevant.

By MR. LINDABURY:

Q. You said something about a pension plan that the Steel Corporation has. Will you tell us about that?

MR. DICKINSON: Mr. Farrell testified quite fully in regard to that.

THE WITNESS: Let me say, Mr. Lindabury, with reference to the pension plan and the voluntary relief plan, while I had a good deal to do with originating these plans and putting them into effect and probably really am charged with the whole matter, chairman of the committee, and so forth, and deciding questions that come up, yet, because I have not refreshed my recollection and do not pay particular attention to the details unless there is some question raised, I am not as familiar with the details as some others. Therefore I had rather not try to explain them.

MR. LINDABURY: I will leave it to others, particularly as Judge Dickinson says Mr. Farrell testified to it.

MR. DICKINSON: Mr. Farrell testified very fully, and I did not even cross-examine him about it.

MR. LINDABURY: I did not know it; I was not here. I did not know Mr. Farrell had gone into this.

By MR. LINDABURY:

Q. Judge, in regard to the question of so-called inter-

locking directors, there is a question I wish to ask and that is whether or not any man has ever been nominated to or elected as a director in the Steel Corporation so far as you know or were aware, because he was a director at the same time in any other corporation?

A. No. I think I do know pretty well the facts.

Q. On what basis have the directors been chosen from time to time?

A. Because of their merits, standing, reputation, qualifications and worthiness for the position.

Q. Finally, Judge, I will ask you one or two questions. The first is, was the purpose of the United States Steel Corporation either in its organization or in the acquisition of its properties, or has it been its purpose in the conduct of its business, to restrain trade, suppress competition or acquire a monopoly?

MR. DICKINSON: Objected to as calling for the conclusion of the witness.

THE WITNESS: No.

By MR. LINDABURY:

Q. As a matter of fact, has the effect of the organization of the United States Steel Corporation, or the acquisition of its properties or the conduct of its business been to restrain trade, suppress competition or create monopoly?

MR. DICKINSON: That is excepted to as calling for the opinion of the witness upon a mixed question of fact and law, and as incompetent and irrelevant.

THE WITNESS: No; the contrary is the fact.

By MR. LINDABURY:

Q. What has been the actual effect of the organization and operation of the Corporation upon the trade and commerce of the country?

A. It has been to extend, expand, increase trade; increase competition and to prevent monopoly.

Q. Judge, I show you a bulletin numbered 3, date August 12th, entitled "United States Steel Corporation, Bureau of Safety, Relief, Sanitation and Welfare," in which these various plans are gathered together, accident prevention, vol-

untary accident relief plan, pension plan, sanitation and welfare, stock subscription, and so forth. You recognize that, I suppose?

A. I do.

Q. Does that or not embody these various plans we have been speaking of?

A. It does.

Q. For what use was that issued?

A. Distribution.

Q. Among whom?

A. Employees and everyone else who was interested; it has been very widely distributed. We have had requests for them from very, very many sources.

Q. It is numbered 3; is it one of a series?

A. Yes.

Q. How often are they brought out?

A. I can not answer that now.

Q. Well, from time to time?

A. From time to time.

Q. This is the last one, is it?

A. This is the last one, I believe.

MR. LINDABURY: I offer that in evidence.

MR. DICKINSON: Objected to as irrelevant and incompetent.

MR. LINDABURY: Will you agree it need not be printed? We can furnish any number of copies?

MR. DICKINSON: I agree.

(The pamphlet referred to was thereupon marked "Defendants' Exhibit (Gary) No. 64, June 3, 1913.")

By MR. LINDABURY:

Q. Judge, in your testimony this morning you used once or twice a term which I would like you to explain. You stated that the competitors of the Steel Corporation on one occasion or another would go away and do as they pleased. What did you mean by that?

A. I think I said that in connection with having published their prices, and I meant without regard to those published prices. Of course they always did exactly as they pleased. I certainly did not mean to infer that that could possibly be construed as an intention on my part to say they had no

right to do it, as far as we are concerned. I certainly did not mean anything of that sort. I only meant without regard to the published prices.

MR. LINDABURY: That is all I want of the witness. I wish you would suspend the cross examination today, as we would like to put Mr. Roberts on, as he wishes to sail for Europe this week.

MR. DICKINSON: Certainly, we will be glad to accommodate Mr. Roberts.

MR. COLTON: I would like to put in these exhibits at this time. I offer in evidence letter of February 4, 1909, to W. V. S. Thorne from Division Contracting Manager, American Bridge Company of New York.

(The paper referred to was thereupon marked "Government Exhibit No. 428, June 3, 1913," and will be found in the volume of exhibits.)

MR. COLTON: Letter of February 10, 1909, from W. V. S. Thorne to American Bridge Company of New York.

(The paper referred to was thereupon marked "Government Exhibit No. 429, June 3, 1913," and will be found in the volume of exhibits.)

MR. COLTON: Letter of July 7, 1909, to W. V. S. Thorne from Division Contracting Manager, American Bridge Company of New York.

(The paper referred to was thereupon marked "Government Exhibit No. 430, June 3, 1913," and will be found in the volume of exhibits.)

MR. COLTON: Letter of June 21, 1909, from W. V. S. Thorne to American Bridge Company of New York, Division Contracting Manager.

(The paper referred to was thereupon marked "Government Exhibit No. 431, June 3, 1913," and will be found in the volume of exhibits.)

MR. COLTON: Letter of June 17, 1909, to W. V. S. Thorne, signed John D. Isaacs, Union Pacific System.

(The paper referred to was thereupon marked "Government Exhibit No. 432, June 3, 1913," and will be found in the volume of exhibits.)

MR. COLTON: I offer these documents marked Government Exhibits 428 to 432, inclusive, it being agreed that these let-

ters came from the files of the American Bridge Company and were received in the ordinary course of business?

MR. SEVERANCE: Yes. I would like to have it understood that after these are copied, they being original letters, they may be returned to us. That is understood?

MR. COLTON: Yes; one of them being a copy of a letter simply containing "Chief, American Bridge Company." It has not got the signature. As long as it is received in the ordinary course of business, it does not matter.

MR. SEVERANCE: You will substitute copies, will you?

MR. COLTON: Yes.

MR. SEVERANCE: There are some other letters concerning the same question which I submitted to you for examination. Do I understand that you do not care to offer them in evidence?

MR. COLTON: Not at this time.

PERCIVAL ROBERTS, JR.,

heretofore duly sworn as a witness on behalf of the United States, was recalled as a witness on behalf of the Defendants, and testified as follows:

DIRECT EXAMINATION

By MR. SEVERANCE:

Q. Mr. Roberts, you have heretofore been called as a witness on the part of the Government in this case, have you not?

A. I have.

Q. You are the same Mr. Percival Roberts, Jr., who testified last year, being called by the Government?

A. I am.

Q. When did you first go into the steel business or iron business in any form?

A. I entered the Pencoyd Iron Works as a clerk in the year 1876.

Q. Where were the Pencoyd Iron Works located?

A. They were and are located near Philadelphia, Pa.

Q. On the Schuylkill River?

A. On the Schuylkill River.

Q. When was the Pencoyd plant established?

A. In the year 1852.

Q. And by whom?

A. By Algernon Roberts and Percival Roberts.

Q. What relation were these gentlemen to you?

A. Percival Roberts was my father and Algernon Roberts was his first cousin.

Q. What was the firm name?

A. A. & P. Roberts & Company.

Q. And up to what time did the concern do business under that name?

A. Until the year 1894, when it was incorporated under the name of The A. & P. Roberts Company.

Q. At the time you entered the employ of this firm in 1876 and prior thereto, what had been the nature of the business carried on by the firm?

A. They were manufacturers of wrought iron in the shape of bars, shafting, structural shapes and some sizes of narrow plates.

Q. In general, for what purposes was wrought iron used in those days?

A. All materials for commercial purposes excepting a certain amount of Bessemer steel for rails and a small amount of open hearth steel which was used for a very limited variety of purposes were produced by the puddling furnace and were known as wrought iron, as distinguished from steel.

Q. Will you describe briefly a puddling furnace and give its capacity and the number of men necessary to manufacture wrought iron in a puddling furnace, and also state the raw material used in the manufacture of wrought iron in a puddling furnace?

A. The puddling furnace had a production of about four tons of what is known as muck bar in twenty-four hours. It was operated by four men. The material used for the purpose was pig iron.

Q. You say that it required the services of four men. Do you mean four men at one time, or four men in twenty-four hours?

A. Four men at one time, or eight men in twenty-four hours.

Q. Working in twelve hour shifts?

A. They changed twice in twenty-four hours, but they did not work the entire twelve hours.

Q. Then, as I understand, eight men working with the puddling furnace would produce four tons of muck bars in twenty-four hours?

A. That is correct.

Q. What is a muck bar?

A. A muck bar is a bar measuring from 3½ to 6 inches in width and about ⅝ of an inch in thickness, which was the direct result of the puddling process. This bar was then cut and piled into varying sized piles according to the weight of the finished material which was desired to be rolled from it. It was then charged in heating furnaces, brought to a welding heat and rolled into the finished material, whatever that might be.

Q. This process from the pig iron to the finished material was not a continuous process in those days, but the metal became cold after it was drawn off into muck bar.

A. There was no continuity of operation in the production of wrought iron. The pig iron was made in blast furnaces, shipped to the rolling mills, which contained a puddling furnace, charged cold in the puddling furnace, and was converted into muck bars. It was in its turn permitted to become cold and was then cut up into these piles I have spoken of of various sizes, re-heated and rolled into the finished material.

Q. Then the unit in the case of a wrought iron plant was a puddling furnace with the capacity you have stated?

A. That would be the unit of measurement for an operation in pig iron. To give you some idea of the changed conditions I would say that the works I have been speaking about started in 1852 with a capital of $8,000, which was considered sufficient in those days to start a works for producing wrought iron.

Q. How many puddling furnaces did they contain?

A. That contained when it started, I think, two furnaces.

Q. Then the production would amount to eight tons a day.

A. That would be the production, yes.

Q. How many puddling furnaces did you have at the time

you ceased to manufacture wrought iron, if you ever ceased to manufacture wrought iron?

A. We ceased to manufacture wrought iron in the early eighties. I think that at that time we had about 16 or 18 puddling furnaces, when we added a steel plant and changed our works entirely from the production of wrought iron to that of open hearth steel.

Q. Will you kindly state what positions you filled in those works, beginning with the employment you had in 1876, and continuing down to the time you ceased to be an official of that company?

A. I commenced as a clerk. I filled various positions in the works and later became manager, and vice-president on the incorporation of the A. & P. Roberts Company, in 1894, and the president of that company in 1898, which position I retained until the spring of 1900, when I became president of the American Bridge Company.

Q. The Pencoyd plant, or the stock of that company or both, were sold, were they not, in 1900 to the American Bridge Company?

A. All the securities of the A. & P. Roberts company were sold to the American Bridge Company, or were sold, to be correct, to I. Gifford Ladd.

Q. They were acquired by the Bridge Company?

A. They were acquired by the Bridge Company.

Q. And you became the first president of the Bridge Company?

A. Yes.

Q. The first operating president?

A. Not the first president on its incorporation.

Q. The first operating president?

A. The first operating president, yes.

Q. And you continued in that position up to what time?

A. Until the spring of 1901, when I became a director of the United States Steel Corporation, and a member of the executive committee of the board of directors. I held that position until the spring of 1902, when I resigned. I became a director again toward the end of the year 1909, and became a member of the finance committee early in 1911. I hold both positions now.

Q. During the time you were an official of the A. & P. Roberts Company, or of the firm before the incorporation of that company, what were your duties in so far as they brought you in contact with the trade in iron and steel products?

A. The situation prior to say 1890 was very different from later years. For instance, when I entered the iron business in 1876 the total production of pig iron in the United States was less than 2,000,000 tons per annum of pig iron. Of Bessemer steel the production was less than 500,000 tons. Since that date the pig iron production has reached nearly 30,000,000 tons, and that of Bessemer steel has reached over 12,000,000 tons. In that year the production of open hearth steel was less than 20,000 tons. It has since that period reached over 17,000,000 tons. The production of iron rails at that time exceeded steel rails. Our units were small. A man engaged in the iron business was expected one day to help build a heating or puddling furnace and the next day probably go out and try to take an order. The education was not along any lines of specialties, but he was making a living as best he knew how. Therefore anyone who was connected with the iron trade in those early days was compelled to know of its manufacture in all departments. This also applied in the early days of steel; so that prior to the year 1900 we had a pretty general knowledge of all the departments of our operation, both manufacturing and commercial.

Q. Outside of the manufacture of rolled material, I am now speaking of the wrought iron period, what other branches of the iron business were A. & P. Roberts engaged in?

A. They were one of the earliest if not the very earliest builders of wrought iron bridges in the United States. They carried on that class of work for a few years; about the year 1859, they had abandoned that business, however, and resumed it about the year 1880, and from then on they were continuously engaged in the building of all kinds of wrought iron structures.

Q. And after that they began the manufacture of steel, after that what did they do in the way of fabricating?

A. That is what I say, they fabricated structures; the only difference was that they substituted steel for wrought iron in their plant in the early eighties, and from then on they

became exclusively manufacturers of steel instead of wrought iron.

(Thereupon an adjournment was taken until tomorrow, Wednesday, June 4, 1913, at 10:30 o'clock A. M.)